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CHILD CARE AND DEVELOPMENT BLOCK GRANT: HOW IS IT WORKING?

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HEARING

BEFORE THE

SUBCOMMITTEE ON CHILDREN AND FAMILIES

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

ON

EXAMINING THE EFFECTIVENESS OF THE FEDERAL CHILD CARE AND DEVELOPMENT BLOCK GRANT PROGRAM

FEBRUARY 16, 1995

Printed for the use of the Committee on Labor and Human Resources

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CHILD CARE AND DEVELOPMENT BLOCK GRANT: HOW IS IT WORKING?

THURSDAY, FEBRUARY 16, 1995

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN AND FAMILIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD–430, Dirksen Senate Office Building, Senator Dan Coats (chairman of the subcommittee) presiding.

Present: Senators Coats, DeWine, Dodd, Wellstone, and Kennedy (ex officio).

OPENING STATEMENT OF SENATOR COATS

Senator COATS. The subcommittee will come to order.

Good morning. I would like to welcome the members of the subcommittee as well as our witnesses this morning for our hearing.

In this morning's hearing, we will examine the Child Care and Development Block Grant and how it may or may not be working with a variety of other Federal programs to address the needs of working families for child care assistance.

In recent years, growing concern has been expressed about the number of Federal child care programs. The General Accounting Office reports there are currently 93 different child care programs administered by 11 Federal agencies and 20 offices, at a total cost to the taxpayer of at least $11.5 billion, and that does not include the young child tax credit or the earned income tax credit.

The General Accounting Office found that many of these programs target and serve the same individuals. For example, there are 13 programs that target economically disadvantaged children up to 5 years of age. In theory, one child could be eligible for all 13 programs. During today's hearing, we will examine these issues as well as ways in which the Federal programs can be consolidated to offer States the flexibility to design a program that best meets the needs of working families.

While the CCDBG is the primary focus of this morning's hearing, there are additional issues related to child care that the committee intends to examine more fully in the future. These include the question of the effect of child care on children's development, especially in the early development of young children.

We should also examine the other Federal child care initiatives, including possible alternatives for effective delivery of services. For instance, should relief be pursued through the Tax Code? Should

the tax exemption for dependents be raised, capped, or made refundable for the working poor? Should the earned income tax credit be extended up the income scale? Should we consider expanding the young child tax credit?

We also need to examine child care within the context of the welfare reform debate and particularly examine how we include child care components into a revised welfare system. We have some models that are intriguing, including training welfare mothers with the skills to provide child care for others in the community. In this regard I am particularly pleased to welcome Mary Moran, from East Side Community Development Program in Indianapolis, to share her experiences with us.

No one questions that families, especially low-income families, need help with their child care needs. Solutions must be pursued with compassionate realism, recognizing our budgetary limitations, but motivated by a concern for children and their best interests.

We will hear from a variety of distinguished individuals with extensive knowledge in child care issues, as well as personal experience in dealing with child care issues at the Federal, State and local levels.

I would like at this time to recognize our ranking member, Senator Dodd of Connecticut, for an opening statement.

OPENING STATEMENT OF SENATOR DODD

Senator DODD. Thank you very much, Mr. Chairman. First of all let me express my deep gratitude to you for holding this hearing and having this important discussion.

I am particularly pleased that this is the first hearing under your leadership as the chairman of this subcommittee. You and I have worked very, very closely together over the years. I have said the following on numerous occasions in your absence and in your presence. In my view, we obviously would not have passed family and medical leave had it not been for the help of my colleague and chairman of the full committee during his tenure, Senator Kennedy. But it never would have happened without your help and support and backing as well.

So I look forward to a very productive and worthwhile relationship with you, hopefully for only a couple of years in this capacity——

Senator COATS. We will make the most of these 2 years, just in case.

Senator DODD. So I will begin on that note, and again my sincere thanks for holding this hearing.

It is timely, I think, because I see this subject as absolutely critical to our larger debate on welfare reform. This issue will be, in my view, a central question when the issue of welfare reform comes along.

I think we all share the same goal of reforming the welfare system, that is, to encourage self-sufficiency and reward work in this country. To get the job done, I think we have got to identify the significant barriers between individuals on welfare and those that we are going to try to move from welfare to work, and then do our best to eliminate those barriers where they exist.

I would suggest that one of the most significant barriers to work is the lack of affordable, quality child care. Most of the welfare reform proposals coming from the other body, at least up to this point, are woefully inadequate on this very important point, in my view. Most of the plans would put welfare recipients to work. I whole-heartedly agree that work and job training requirements are critical if we ever hope to break the cycle of poverty. Placing work at the center of our welfare policy is, I think, the correct approach. But this raises important questions.

Since two-thirds of families receiving AFDC, Aid to Families with Dependent Children, have at least one preschool-age child—that is two-thirds of all AFDC recipients have at least one preschool-age child—what happens to these children when their children are at work—where do they go and who will look after them? The major proposals being offered by the majority in the House I think completely ignore these questions. Instead of putting children at the center of the welfare reform debate as they should be, in my view, some people on the other side are treating them as nuisances to be swept under the rug.

During a subcommittee mark-up in the other body this week, Representative Jim Nussle had the following to say about proposals to ensure child care as part of welfare reform, and I quote him: "Pretty soon we will have the Department of Alarm Clocks to wake them up in the morning, and the Department of Bedtime Stories to tuck them in at night. It is not the Government's responsibility."

Mr. Chairman, that kind of flip and cavalier attitude toward our Nation's children, I think, is completely unacceptable. I would suggest that all of us have a responsibility to America's young children. It is not children's fault that their parents are on welfare, and they should not be punished for the mistakes or the bad fortune of their parents. Rewarding work is our goal. Victimizing children must not be the price that we pay.

I maintain that if we are going to put welfare parents to work, we cannot leave welfare's young children unattended. It is just that simple.

Demand for child care already outstrips the supply. There are now waiting lists thousands of children long in 37 States in this country. One does not need to be an economist to understand what would happen if 3 million additional children need quality child care when their parents go to work. A bad situation, in my view, will grow even worse. Increased demand will drive up fees, pricing more working families out of the system. Former welfare recipients will find it difficult to remain in the job market if they have no one to care for their children. The quality of child care will decline. We will find that we have not reformed much of anything.

We must recognize that to build a welfare system that truly rewards work, we must have a national child care policy that makes work possible. We have a wealth of hard evidence, I think, to make this point. A study by the Illinois Department of Public Aid found that 42 percent of AFDC recipients said that child care problems kept them from working full-time. Twenty percent said they had abandoned jobs and returned to welfare within the previous year because of inadequate child care.

Child care expenses and simple economics often conspire to make welfare more attractive than work. The General Accounting office found that the median family income of the working poor was $159 higher per month than those of AFDC recipients. But working families pay an average of $260 per month on child care—more than enough to wipe out the economic advantage they get from working. There is a chart that makes this particular point. So that again, the incentives to get people to move in that direction—again, you do not have to be a Ph.D. in math to figure out that it just does not add up. And if we are going to try to move people into work, we have got to at least say that if you take this choice and move in this direction, that there are some financial rewards to it.

If we want to replace welfare with work, it is obvious that we must do something about child care, and if we want to do something about child care for the working poor, the Child Care and Development Block Grant is, I think, the place to start. Seventy percent of the children served by the block grant have working parents, and 67 percent of the children have family incomes at or below poverty.

The Child Care and Development Block Grant provides funds to States to help parents pay for that care. It encourages States to increase the number of providers and makes it easier for parents to find that care that they need.

The new investments in child care have already paid off; in many States, the financial support available for low-income families has more than doubled. The Child Care and Development Block Grant is also noteworthy because it provides the States with money to invest in quality, a provision that sets it apart from any other source of Federal child care funds.

A major study released this month, I think, clearly illustrates how critical this emphasis on quality is. The multi year, multi state study entitled, "Cost, Quality and Child Outcomes in Child Care Centers," was conducted by a team of researchers at four universities. It found that only one in seven child care centers provides good quality child care. Again, there is a chart on this.

For infants and toddlers, the situation is particularly bad. A staggering 40 percent of child care centers do not meet minimal standards for this group. Minimal standards means basic sanitary conditions are not met, and there are safety problems or learning is not encouraged.

The poor quality of child care already puts kids at risk. The situation will only grow worse if we try to shove millions more children into a system with no thought to the quality of that system and what happens to them.

When we talk about consolidation and streamlining child care programs, I hope we can built on the block grant's commitment to quality. The block grant's quality set-aside funds a variety of efforts, including renovations and repairs to help centers meet State licensing standards, the purchase of educational materials, support for low-income family home child care providers, and training and technical assistance for staff. These are critical efforts, and they should be continued.

Senator Kennedy and I, hopefully today, will introduce a broad child care bill that will address the critical issues of access and

quality. We hope to put child care at the center of the welfare reform debate. Let us not leave our children behind in this process.

Mr. Chairman, I know you will recall this, and I know my colleague from Massachusetts does. Senator Hatch and I worked long and hard to put this child care bill together. It took us about 4 years to get it done, and to his great credit. I never would have gotten it done without Orrin Hatch's help. It was a major, major effort to get it accomplished. And the legs of that child care program of access, affordability and quality, we feel very strongly about. We crafted a proposal that leaves the setting of these standards to a large extent to the States, so we did not try to apply some rigid Federal approach to this, but merely set those standards out there so they would be met.

My concern is that as we move forward in this whole area of welfare reform, which is vitally important, that we agree on the importance of what happens to these children, because we could be generating just another cycle of AFDC recipients if we are not sensitive to the issue of what happens to these kids during this time in their lives.

So again, I know I am preaching to the choir in many ways, because your obvious commitment to children was reflected in so much that we did earlier in other matters, but I really hope that we can make a strong statement in this particular effort as we get into the welfare reform debate. If it is set aside as an issue and we disregard these kids, I think we could end up doing an awful lot of damage to this country in the long run.

So I welcome the hearings and look forward to crafting a bill that we can all support.

Senator COATS. I thank you, Senator Dodd, for your statement and for your kind remarks toward the chairman and the committee, and for the important questions that you have raised. We look forward to working together with you in fashioning what surely will be changes, but hopefully very constructive changes, in the way we provide assistance for child care in this country.

I want to recognize a new member of the committee, Senator DeWine from Ohio. I do not know if you have an opening statement, but we are happy to have you here participating in this.

Senator DEWINE. No statement, Mr. Chairman.

Senator COATS. And Senator Kennedy, we thank you for your interest and involvement in this issue for a number of years, and I am happy to turn to you for an opening statement at this time.

OPENING STATEMENT OF SENATOR KENNEDY

Senator KENNEDY. Thank you, Mr. Chairman.

Let me just underscore once again at the start of this Congress the strong bipartisan history of the issue of child care. Some "hot button" issues come before this committee at different times, and we welcome the chance to debate them and discuss them. But there has been a very strong bipartisan tradition on children, and that is something I think all of us want to maintain. It has been under the chairmanship of Senator Dodd, who has provided such leadership, particularly in family and medical leave and the child care programs, and you, Mr. Chairman, and I think all of us want to see what we can do to maintain it, first of all.

Second, I think all of us are mindful of the need to consolidate and coordinate various programs. That is something that is out there, and I do not think you are going to find serious differences among members of the committee on that. We want to work closely to be able to do that.

And third, I hope, as Senator Dodd has pointed out, that we can measure the need versus what is really being done today and the lost opportunity of not investing in children. We must remind ourselves that we have a very important opportunity and responsibility, particularly as this debate goes forward on welfare reform.

I want to underline also what Senator Dodd mentioned with regard to the quality of child care. Working in a bipartisan way on the Head Start program, we have seen again and again that investing in children pays off. It pays off most importantly for the child, in terms of their entire development and success as they move through both the educational and social challenges that they face. That starts at the earliest age in terms of nurturing and nutrition and support and confidence-building in the Head Start program, and can be continued as children move from Head Start to the Chapter 1 programs last year, and the mentoring programs that again were developed in a bipartisan way.

I would hope that the point which you and Senator Dodd mentioned about the importance of maintaining quality will be thought through.

Finally, let me just say that I would hope that members, as they go back home to their districts, will have an opportunity to see what is going on with child care on the military bases. This year, we have $211 million that is being expended on child care programs through the military bases. And rather than leaving the quality standards to the States, the Senate and the House accepted rules and regulations that were incorporated into the bipartisan military child care proposal that was passed out of here. And it is something that is really enormously instructive. You have an example of what has happened in military installations in the area of child care, and it is really very impressive. This past week, I was up at the child care center at Hanscomb, and there is virtually no turnover in terms of the teachers. Developmental programs are taking place, not just warehousing of children. The climate and the atmosphere there is just breathtaking.

So as we talk to and hear from experts, I think it would be worthwhile in any of our States where we have those bases, to take the opportunity to see what is being done out there. I think it is instructive to know what works and what does not work, and maybe we can learn from that experience.

I thank you for chairing the hearing.

[The prepared statement of Senator Kennedy follows:]

PREPARED STATEMENT OF SENATOR KENNEDY

Today the committee returns to an issue that is close to the heart of American families—the availability, the adequacy and the affordability of child care.

Nine million children live in single-parent working families. Twenty-seven million children live in two-parent families in which both parents work.

The average cost of a child in child care is almost $5,000 a year—yet the take home pay from a minimum wage job is stuck at $8,500 a year.

The struggle for decent child care is a daily fact of life that all working families understand—regardless of their income. "Home Alone" is not just a movie, it is a daily crisis for far too many families. It is fitting that our first subcommittee hearing of this Congress addresses this important issue.

Millions of American families face impossible and heart wrenching choices—between the jobs they need and the children they love—between putting food on the table and finding safe and affordable care for their children.

The issue is also a useful reality check on pending welfare reform proposals. We have heard a lot about turning welfare into work—but not nearly enough about who will care for the children when parents go to work. If we are serious about promoting work and strengthening families, instead of punishing them, we must deal with the essential issue of child care.

Today, millions of young children are left in unsupervised settings and poor quality child care that jeopardize their health and safety. Not because their parents don't care—but because they lack options and lack cash.

Today, 21 million low-income children are eligible for services under the Federal Child Care and Development Block Grant. Yet only 750,000 receive this essential support. Government can't replace parents—but it can and should help them in their efforts to make ends meet in caring for their children.

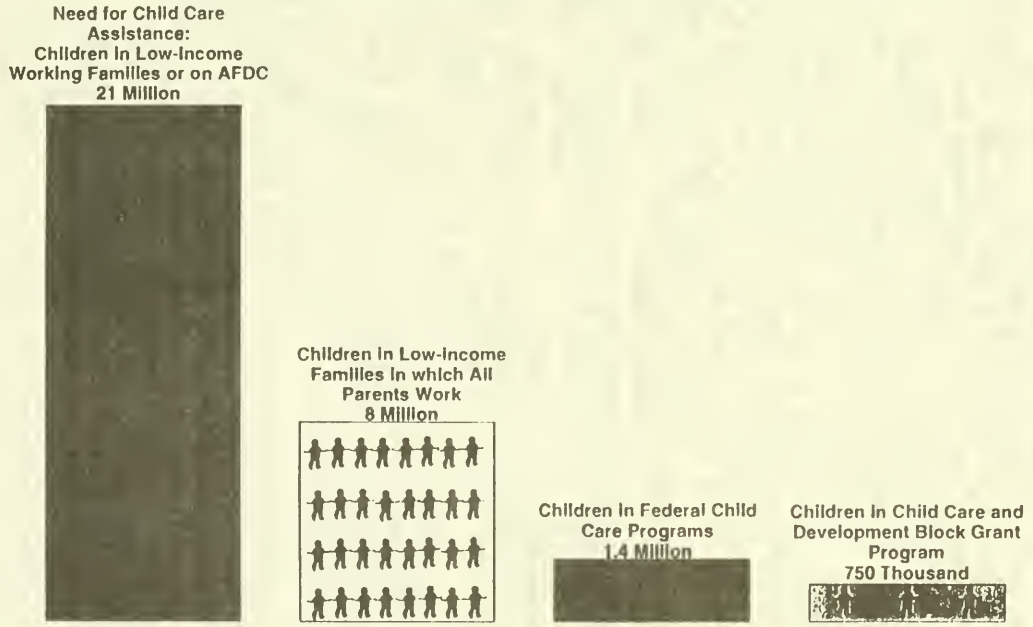
Quality child care creates opportunity and increases productivity—not just for one generation, but for two generations. Child care is not about giving parents a blank check. It is about giving them a fair chance. Leaving children out of welfare reform will make a mockery of any such reform. It will only pass the real life tragedy of dependency on from this generation to the next.

The Child Care and Development Block Grant is a tribute to bipartisan cooperation and effective partnerships of all levels of government. For the families whose lives it has touched, it has made child care more affordable and guaranteed higher quality. But waiting lists are growing and welfare reform threatens to become a battle between families trying to get off welfare and families trying to stay off welfare—a battle with no winners.

Today I hope we are beginning a process to take the current program, which is working reasonably well for those it reaches, and make it better and more inclusive. Clearly, for all of us who care about working families and genuine welfare reform, facing up to the challenge of child care deserves much higher priority than it has had so far.

I look forward to the testimony of today's witnesses, and to the success of the effort we are now beginning.

Who Cares For Our Children?


Need for Child Care Assistance: Children In Low-Income Working Families or on AFDC 21 Million
Children In Low-Income Families In which All Parents Work 8 Million
Children In Federal Child Care Programs 1.4 Million
Children In Child Care and Development Block Grant Program 750 Thousand

Federal Child Care Programs: Child Care and Development Block Grant (CCDBG), AFDC Child Care, Transitional Child Care, and At Risk Child Care.

Children In Low-Income Families: Children under 13, in families below 200% of poverty ($22,000 for a family of 3). This is roughly the income ceiling for CCDBG eligibility

CCDBG

Senator COATS. Thank you, Senator Kennedy.

I want to second the comment relative to child care in military facilities. I have visited several of those, both in this country and overseas. Given the fact that our military now consists to a substantial degree of married families, it has become an important component, and it can obviously serve as a way for us to measure the delivery of child care as against some other programs that are taking place. I think it is an excellent suggestion.

I would like to call as our first witness Mary Jo Bane. Mary Jo is assistant secretary for children and families with the U.S. Department of Health and Human Services.

Thank you, Mary Jo, for coming to speak with us today. I might just mention that at 10:30, the Senate is scheduled for a cloture vote, and we may have to temporarily adjourn the hearing. That would leave you about 10 to 12 minutes or so to deliver a statement. I do not want to unnecessarily limit you, but the bells will be ringing then, and we will have to leave. If you can summarize your statement in that or less time, then we can vote, come back, and get into the questions.

STATEMENT OF MARY JO BANE, ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, WASHINGTON, DC

Ms. BANE. Thank you, Mr. Chairman. It is a real pleasure to be before this committee.

This committee has such a long history of bipartisan efforts on behalf of children, and it has been a pleasure for me and for the administration to work with you on so many issues.

I will try to briefly summarize the testimony that I have submitted for the record.

This morning all across the Nation, as you know, millions of young children are participating in some form of child care while their parents are working or receiving education and training. The high usage of child care raises our national stake in its availability and in its quality.

As assistant secretary for families and children at HHS, I am responsible for the administration of the principal child care subsidy program for the working poor, that is, the Child Care and Development Block Grant. I am also responsible for administering three other major child care programs—child care for AFDC recipients, transitional child care for former recipients, and the at-risk child care program for families at risk of going on welfare.

Today I would like to address our child care vision and the work that needs to be done if we are to provide safe and affordable child care options for families.

We are interested in working with Congress to build upon the core elements of the Child Care and Development Block Grant. We believe that any child care proposal that Congress considers should embody the following key principles.

First of all, resources for child care. Child care funding must be sufficient to ensure adequate support to families in work, in education, and in training. We need to continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system. And parents who are moving to-

ward self-sufficiency within the welfare system must be confident that quality child care is available for their children.

Second, choice of quality child care. Parents must be able to choose quality child care from a range of options. Consumer information must support informed choices, minimum health and safety protections must be assured, mechanisms should be in place to build the supply and improve the quality of child care.

Third, continuity and responsiveness. Programs should be designed to ensure continuity of care for children and families and should be responsive to their needs. Program linkages and community input must be ensured.

I would like to pick up each of those three themes now in a little bit more detail. First of all, resources for child care.

The Child Care and Development Block Grant was enacted in 1990 with bipartisan support from Congress. This landmark legislation has made a significant contribution to low-income working families across America. It is one Federal initiative that really works by supporting those who are working hard to support themselves.

The Child Care and Development Block Grant provides low-income families with the financial resources to access child care. In addition, it provides funds to increase the availability and improve the quality of child care services.

In fiscal year 1993, over 750,000 children received child care services paid for in whole or in part with Child Care and Development Block Grant funds. Over 90 percent of these children needed care because their parents were working on in training or education, and over 65 percent of the children came from poor families.

Through the Child Care and Development Block Grant, all parents can choose child care that best suits the needs of their children. Most are assisted through certificates.

Because of the CCDBG and ACF's other child care subsidy programs, many low-income parents who would otherwise be unable to seek and hold employment are able to locate affordable care for their children, and many children are in healthy, safe and nurturing settings.

Yet there are limits to the ability of these programs to meet current needs. As several recent studies have shown, there is an enormous unmet need among low-income families for affordable, healthy, and safe child care.

We have taken some initial steps to address the tremendous need for additional resources, but much more must be done. The administration has proposed increases in funding for child care in every budget that it has submitted to Congress. Also, we have worked to ensure that the resources available through the CCDBG make a difference. As one recent study noted, in fiscal year 1994, the CCDBG was the principal source of Federal support to strengthen the quality and enhance the supply of child care.

The implementation of this program has been instrumental in raising the standards for other child care programs.

Second, quality child care options. Stable, safe, and secure child care is very important for children. At ACF, we are working to ensure that children are in safe, quality environments by making the health and safety of children in child care our number one priority.

We believe that it is important for the Federal Government, in partnership with States, communities, providers and parents, to work toward ensuring that all child care is provided in safe and nurturing environments.

Data indicate that about 9 percent of the total block grant funds are spent on quality activities. Its minimum protections have improved the health and safety of children in child care all across the country.

Third, continuity and responsiveness. We have a responsibility to the public to promote continuity of care and to respond to the needs of families and children. We are building on the block grant to bring our programs together, reaching out to our customers and bringing various groups together to focus on the needs of whole families.

We have moved forward on several fronts, including regulatory and organizational changes, to improve the coordination and responsiveness of our programs.

We have made important strides in recent years to improve the availability of quality child care. We believe these efforts must continue. We must continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system. At the same time, parents moving toward self-sufficiency within the welfare system must be confident that quality child care is available for their children. If we require parents in the welfare system to become active and productive workers, we must not abandon them in their efforts to care for their children.

In closing, I want to thank the members of this committee for their interest in and commitment to improving the lives of young children and their families, through the provision of quality, affordable child care.

We look forward to working with this committee, the Congress and the States on this critical issue. I would be happy to answer any questions, either at this time, or after the bells stop ringing.

Thank you.

[The prepared statement of Ms. Bane follows:]

PREPARED STATEMENT OF MARY JO BANE

Chairman Coats and members of the committee, thank you for giving me the opportunity to come before you today to speak about the Child Care and Development Block Grant and related child care issues. These issues are of critical importance to America's working parents and their children.

This morning, all across the Nation, millions of young children are participating in some form of child care while their parents are working or receiving education and training. The dramatic increase in labor force participation of mothers has heightened attention to child care in recent years. By 1993, three-quarters of all mothers with children aged 6–17, and sixty percent of mothers with children under age six, were in the labor force. Over half of all mothers whose youngest child is under age two were in the labor force. Their high usage of child care raises our national stake in its quality.

We believe that successful child care must:

—Focus both on parents' economic independence and children's healthy development.

—Provide real quality alternatives to families with children from birth through school age.

—Encourage continuity of care for the child, regardless of the changes in the employment of the parent.

—Establish linkages with health and family services.

—Provide for the ongoing training and support of the child care workforce.

Achieving this vision will require both strong national leadership and substantial State flexibility.

As Assistant Secretary for Children and Families, I am responsible for the administration of the principal child care subsidy program for the working poor—the Child Care and Development Block Grant (CCDBG). I am also responsible for administering three major child care programs authorized under title IV-A of the Social Security Act—child care for AFDC recipients, Transitional Child Care for former recipients, and At-Risk Child Care for families at risk off going on welfare. Today, I would like to address both the progress we have made toward achieving our child care vision over the past few years, as the CCDBG has been implemented, and the work yet to be done if we are to provide safe and affordable child care options for families.

We are interested in working with Congress to build upon the core elements of the Child Care and Development Block Grant. In enacting the CCDBG, Congress recognized that we needed to do more than pay for child care services; we also needed to support activities which would improve the quality of services and benefit children, as well as parents. While Congress may consider a range of child care proposals this year, we believe that any proposal should embody the following key principles:

—Resourses for Child Care. Child care funding must be sufficient to ensure adequate support to families in work, education, and training. We must continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system. At the same time, parents moving toward self-sufficiency must be confident that quality child care is available for their children.

—Choice of Quality Care. Parents must be able to choose quality child care from a range of options. Consumer information must be provided in order to encourage informed choice. Minimum health and safety protections of children must be assured. Mechanisms should be in place to build the supply and improve the quality of child care.

—Continuity and Responsiveness. Programs should be designed to ensure that continuity of care is provided to children and families and that programs are responsive to their needs. Linkages must be made across programs, and community input must be ensured.

RESOURCES FOR CHILD CARE

For working parents and those seeking to establish a foothold in the labor force, child care is an essential service. Child care support is particularly critical for low-income parents because child care costs are such a significant part off a low-income family's budget. Poor working families who pay for child care spend more than a quarter of their income on child care.

Child care is a very personal matter, and the choice of care is best made by parents based on their own knowledge of what will work best for them and their children. As a result, children are, and should be, cared for in many different kinds of arrangements. Some children are being cared for in their own homes; others are in family child care homes, whose individual providers care for a small number of children in residential settings; still others are in larger, more formal child care centers, which are staffed by a number of providers. Regardless of the setting, all children should enjoy basic health and safety protections and be in environments that enhance their growth and development.

Many people in this room understand how difficult it is to locate satisfactory child care which is reliable and responsive to their needs. These difficulties are multiplied for low-income families who: live on low wages, live in neighborhoods with fewer resources; work more irregular hours; face more job turnover, health problems or other disruptive forces in their lives; attend education and training programs perhaps on a part-time or short-term basis—so that they can upgrade their skills and earn a living wage; lack reliable or convenient transportation; and have more worries about their personal security.

The Child Core and Development Block Grant (CCDBG) was signed into law in 1990 by President Bush, with bipartisan support from Congress. This landmark legislation has made a significant contribution to low-income working tallies across America. Over the past two years, we have actively solicited views on how the program is working, and we have repeatedly heard that this program is one federal initiative that really works by supporting those who are trying to support themselves.

CCDBG provides low-income families with the financial resources to access child care. In addition, CCDBG provides funds to increase the availability, and improve the quality, of child care services. Funds are available to states, tribes, and territories to provide grants, contracts, and certificates for child care services for low-

income families. To be eligible, a low-income family must need child care because a parent is working or attending a training or educational program or because the family receives or needs to receive protective services.

In FY 1993 over 750,000 children received child cars services paid for in whole or part with CCDBG funds. Over 90 percent of the children served needed care because their parents were working or in training or education, and over 65 percent of the children served were in families whose incomes were at or below the poverty level.

Through CCDBG, all parents can choose child care that best suits the needs of their children. Sixty-five percent of all children served in FY 1993 were assisted through a certificate that could be used in a variety of settings.

Because of the CCDBG and ACF's other child care subsidy programs, many low-income parents who would otherwise be unable to seek and hold employment are able to locate affordable care for their children, and many children are in healthy, safe, and nurturing settings. According to one mother from California, who left welfare with the assistance of subsidized child care:

. . . I got the child care that I never would have been able to afford . . . . It is a program that worked for me. It is a program that changed my life. It is a program that has given my daughter the opportunity for quality child care, and I appreciate that . . . it has made a difference.

Yet there are also limits to the ability of CCDBG and other public programs to meet current needs. As indicated by focus group sessions and hearings we have conducted across the country, there is an enormous unmet need among low-income families for affordable, healthy, and safe child care.

The General Accounting Office (GAO) released a report (May, 1994) detailing gaps in child care services for the working poor and welfare recipients, as well as states' efforts to integrate their child care systems. Five of the six states visited by GAO reported substantial numbers of families waiting for child care subsidies. Texas estimated that 40,000 children were waiting for subsidies; California found approximately 255,000 children on waiting lists.

We have taken some initial steps to address the tremendous need for additional resources, but much more must be done. The Administration has proposed increases in funding for child care in every budget it has submitted to Congress. In the 1996 budget, we are proposing an increase of about 11 percent over the 1995 funding levels. In addition, in the Administration's Work and Responsibility Act of 1994, which was submitted by the President to Congress last year, we proposed major new investments in child care for families moving toward self-sufficiency. We also proposed significant new investments in child care for working families at risk of going on welfare, because families should not be forced to go on welfare in order to get child care assistance.

QUALITY CHILD CARE OPTIONS

Stable, safe, and secure child care is very important for children. For them, the long hours spent in child care are full of opportunities to learn, develop, and grow. Recognizing the value of quality care, the National Commission on Children recommended that:

"All children, from the prenatal period through the first years of life, receive the care and support they need to enter school ready to learn—namely, good health care, nurturing environments, and experiences that enhance their development."

Since this report, numerous studies and reports have raised concerns about the quality of child care.

—The Carnegie Corporation of New York published their comprehensive report, Starting Points: Meeting the Needs of our Youngest Children in April 1994. According to this report, poor quality care has ramifications for children's development.

—In The Study of Children in Family Child Care and Relative Care (Families and Work Institute, 1994), only 9 percent of the homes in the study were rated as good quality. The study also found that children from low-income homes are in lower quality care than children from higher income homes.

—Just last week a new study was released, once again raising concerns about the current quality of care. The Cost, Quality and Child Outcomes in Child Care Centers (January, 1993) paints a grim picture of the child care available to children and families. It found that "children's cognitive and social development are positively related to the quality of their child care experience." However, the quality of child care at most centers was far from adequate.

—In some recent reviews of compliance with health and safety standards, the Department's Office of the Inspector General (OIG) found numerous health and safety violations in child care settings that were hazardous to children's health and safety.

Among other things, they found toxic chemicals within reach of children, broken glass and nails on playgrounds, and inoperable smoke detectors.

CCDBG was implemented after these reviews. OIG noted that: "In FY 1994, the CCDBG was the principal source of Federal support to strengthen the quality and enhance the supply of child care . . . . The implementation of CCDBG has been instrumental in raising the standards for other child care programs."

All providers receiving funds under the CCDBG program must meet applicable state and local licensing and regulatory requirements, as well as health and safety requirements set by the states in certain areas, including the prevention and control of infectious diseases, building and premises safety, and provider training. These minimum protections have improved the health and safety of children in child care all across the country.

CCDBG is the principal source of federal support to strengthen the quality and enhance the supply of child care. Under the CCDBG program, funds are set aside for activities to improve the quality of child care and to increase the availability of early childhood development programs and before-and after-school care.

Data indicate that about nine percent of the total CCDBG funds are spent on quality activities. States, tribes, and territories have initiated on array of projects with these funds to improve child care services. For example:

—All states are financing consumer information activities.

—States are supporting information, resource, and referral efforts to assist parents in their efforts to locate appropriate providers, as well as provider recruitment and training activities.

—States are making substantial progress in their development of automated information and management systems which improve the coordination and delivery of child care benefits;

—States are funding programs for teen parents and linking child care to comprehensive service strategies aimed at helping teen parents stay in school, get a job, and strengthen their parenting skills.

—Special efforts are being made to improve the supply of quality care for infants and children with special needs since these types of care are generally scarce and subject to increasing demand pressures.

—States have begun creative efforts to address the critical issue of improving staff salaries and benefits.

—Some states have increased the size of their monitoring staffs.

At ACF, we are working to ensure that children are in safe quality environments by making the health and safety of children in child care our number one priority. We believe that it is important for the federal government, in partnership with states, communities, providers, and parents to work toward ensuring that all child care is provided in safe and nurturing environments.

We are working closely with the Centers for Disease Control, Maternal and Child Health Bureau, and other health agencies. A major focus of this coordination effort is to heighten local community awareness of the critical health and safety practices in ill child care settings.

An analysis of state, tribal and CCDBG grantees' health and safety standards was completed in December of 1994. Results will be disseminated to grantees; they should be useful to grantees in assessing their own health and safety standards. We are now conducting a similar review of enforcement efforts; we hope to release the results this year.

ACF has also undertaken a number of other activities to help ensure that states, tribes and territories have the support they need to administer quality child care programs:

—We are conducting Regional Forums for states, territories and tribes to focus on health and safety issues and to forge now partnerships with other state and local agencies.

—We are providing training and technical assistance efforts to share promising practices and identify areas of need.

—We have launched a National Child Care Information Center to disseminate child care information.

While these efforts have helped improve child care quality, we have a long way to go to ensure that all parents can feel confident that their children are in safe, healthy, and nurturing settings.

CONTINUITY AND RESPONSIVENESS

We have a responsibility to the public to promote continuity of care and responsiveness to the needs of families and children. In these times of change, we have been reinventing the government's role in child care. In fact, I think we are ahead

of the curve: we have proposed changes in our four major programs to give states, tribes, and territories more flexibility; we are building on the CCDBG to bring our programs together, reaching out to our customers, and bringing various groups together to focus on the needs of whole families. We see our role as working in partnership with the states, tribes, and territories as well as with other national organizations. In this information age, we plan to do more to share ideas and promising initiatives from across the country. Let me briefly highlight some of our efforts to improve consistency and coordination in child care.

First, last spring, ACF developed and published a Notice of Proposed Rule Making designed to remove barriers to coordination of child care services, increase state flexibility, and support states, territories, and tribes in improving the quality of care. The proposed changes cover all four ACF child care programs and reflect input gathered from monitoring reviews and consultations with a wide variety of state officials and other individuals and organizations across the country.

Second, the Work and Responsibility Act of 1994 included several provisions to make the title IV-A child care programs more consistent with the Child Care and Development Block Grant, creating a more seamless child care system. The proposal would have simplified administration of the child care programs, in part by further standardizing their requirements for health and safety, parental access, consumer education, parental choice, and handling of parental complaints. It also proposed uniform reporting and planning in an effort to relieve states of the burden of completing multiple forms end procedures. And it would have provided more federal support for subsidizing care and promoting quality improvements.

Third, we have streamlined federal child care by consolidating the operations of the four main child care programs administered by ACF into a single Child Care Bureau. The Child Care Bureau is housed in the Administration on Children, Youth, and Families.

Finally, since several other agencies across the federal government are involved in child care-related activities, we have convened a Federal Child Care Partners Group to help bring comprehensive services into child care settings.

CONCLUSION

We have made important strides in recent years to improve the availability of quality child care. These efforts must continue. We must continue to expand child care opportunities to those working parents who are struggling to remain out off the welfare system. At the same time, we strongly believe that parents moving toward self-sufficiency must be confident that quality child care is available for their children. If we require all parents to become active and productive workers, we must not abandon them in their efforts to care for their children.

In closing, I want to thank the members of the committee for their interest and commitment to improving the lives of young children and their families through the provision of quality, affordable child care. We look forward to working with this committee, the Congress, and the states on this critical issue.

I'd be happy to answer any questions at this time.

Senator COATS. I want to compliment you on your perfect timing. I hope that same efficiency is demonstrated in the way you run your program at HHS, and I will assume that it is.

That is a quorum call, so the vote will be coming shortly. I think we can at least start, and then when the bell rings, we have about 5 minutes, and then we will take about a 10-minute break or so to go and vote.

Let me just ask you a couple of preliminary questions. In your opening statement that you provide for the committee, you mentioned that child care is a very personal matter, and that choice of care is best made by parents, based on their own knowledge of what will work best for them and their children. "As a result," you go on to say, "children are and should be cared for in many different kinds of arrangements. Some children are being cared for in their own homes, others in a family child care home, or individual providers care for a small number of children in residential settings, and others in larger, more formal child care centers staffed by a number of providers."

I wonder if you could just elaborate on that and give us some basis for your thinking as to what you have learned in the last couple of years relative to those different kinds of child care arrangements, how well they are working. It occurs to me that the dilemma we have here is that we have low-income families needing affordable child care, and obviously, the more structured the care, you bring in certain things you cannot bring into the home, but you also significantly increase the cost, and that, of course, has been the tension.

Ms. BANE. Well, there have been a number of really important studies over the last couple of years looking at child care. There was a very important study of family child care 6 or 9 months ago, and a very important study of quality in child care that was just published, as you know, last week.

I think what the studies are showing is that there is huge variation in the quality of child care, but that it is not perfectly correlated with what kind of setting it is. The study of family child care showed that there are many family child care arrangements where the health and safety of the children is adequately provided for, where there is a warm and loving interaction between the caretaker and the child, and where there are learning opportunities. The study of centers also showed that.

But I think what those studies also showed is that there are many settings where those things do not happen; where the health and safety of the children are not adequately protected and where the caretakers do not have the training or the commitment to provide good care.

So I think what the study suggests is that although we want to continue to encourage and provide a wide range of choices for parents of kinds of settings, we also need to work in a variety of ways on both improving their knowledge about how to choose a good child care setting, but also providing some help to child care settings in ensuring those basic protections for kids.

Senator COATS. Would you comment on the fact that we have a very significant number of different programs administered by different agencies? How can we simplify that and make it more efficiency?

Obviously, the goal here is to make more effective use of those dollars and try to stretch them into the actual provision of child care and not to eat up so much in administrative costs. What have you done in this regard, and what direction should we take?

Ms. BANE. Well, I think we need to look carefully at what the situation actually is. A lot of the programs that are on the famous list of 90 programs are things like the Small Business Administration, which indeed does have a role in child care, but it is surely not a child care program and not one that could appropriately be coordinated.

I also think it is important for people to recognize that currently, our estimates are that in the major child care programs that we administer—the block grant and the 4(a) programs—we only spend about 7 percent of the money on administration, and that is used to determine eligibility, to deliver certificates, and to do some minimal kinds of things.

So that although I am sure there are always savings that can be made in administration and in making things work well, it is not a huge bulk of the money that we spend. I do think we need to look carefully at the whole range of programs to see if we cannot coordinate better, if we cannot bring them together better.

We have tried to do what we could administratively to have some of the rules be the same, to give the States flexibility to administer programs in the same agency, and many of them do, so there are a number of things that we need to do, but I think we should not have too high hopes for what can be achieved in terms of freeing up more resources by doing that.

Senator COATS. In the context of welfare reform, give us your thinking in terms of work requirements, particularly for mothers of young children; how we might achieve both of those goals. Obviously, we want to provide a road and path to self-sufficiency; by the same token, there are some very legitimate needs of young children to have their mother present. How do we reconcile those two, often conflicting, goals?

Ms. BANE. Indeed. We need to be really careful about it. All the welfare reform proposals that are being considered, as several members of the committee noted, do have a focus on work, would require welfare recipients to go to work quickly, some of them when a child is as young as 12 weeks old, some of them when a child is 1 year old.

I think the thing we want to avoid is a situation where we are forcing people to go to work or to go into training and not thinking about whether the kids are being left home alone, whether the kids are being left in unsafe settings. I think that simultaneously with welfare reform that focuses on work—and, like everyone on this committee, I support that as well; the administration supports that very strongly—but we do need to make sure that at the same time, we are providing child care that is safe, and that means that the children are being supervised and taken care of while their parents are making these moves. So that discussions of cutting child care at the same time that we are proposing a large expansion in requirements for people to work seems to me to be a real disconnect that we need to get a handle on.

Senator COATS. This is my last question. Have you done any investigation or work on the question of utilizing welfare mothers within the system, as part of their work requirement, to be trained and given the skills necessary to provide the child care to mothers who perhaps are part of the project, or part of the welfare program within a particular area? Have you looked at that?

Ms. BANE. We have done some experiments and looked at it pretty closely. I think that child care is obviously an occupation that some welfare recipients would be very good at and would do very well, and I think that as an option for welfare recipients, we should work on that, and we should help them get the training to provide good child care settings.

I think it is also the case, though, that what makes me a little nervous is saying that we should require welfare recipients to work in child care, to take care of other people's children, because I think one thing we are learning is that the best child care is provided by

caretakers who are committed to it, who see it as a calling, if you will, and who have the talent and the skills to provide it.

So I think that although we do want to encourage that kind of training for welfare recipients, we want to make sure that it is both the right kind of training——

Senator COATS. But it certainly could be an option as one of the work options available to individuals under a program where they want to move into a work setting.

Ms. BANE. Absolutely. I think that that is absolutely right.

Senator COATS. We are at the halfway point, so probably the best thing to do is take a brief adjournment, and we will run over and vote. I thank you for your patients. We will turn to Senator Dodd as soon as we come back.

Ms. BANE. We will be here.

Senator COATS. The committee stands in recess.

[Recess.]

Senator COATS. The hearing will come to order.

I now turn to our ranking member, Senator Dodd, for his questions.

Senator DODD. Thank you very much, Mr. Chairman.

Mary Jo Bane, let me welcome you once again to the committee, and let me take just a second or two to tell you what a terrific job you and your staff have done over the last couple of years on this and other issues. You brought a wealth of knowledge to the issue when you were asked by the President to join the administration, and it has been a pleasure to work with you on some terrific ideas that you have raised with us.

So I think we are fortunate to have someone in your position, with the background and experience in this area, working with us as we try to sort through the issue of how we can make welfare reform not only work for the welfare recipient today in terms of getting them to work, as well as work for their entire families.

I do not know if you have these numbers or not, but I am trying to get some sense of the proportions of this issue. Obviously, there is talk about capping the child care programs at their current level. That seems to be one of the suggestions that are being made. Some are talking about not doing anything at all in the area.

But let us assume for a moment that we are capping programs at the present level. I am trying to get some sense of the present population. I think we all have the figures on waiting lists under the present system, with no changes in welfare reform at all. There is a State by State analysis of how many people who are on waiting lists. I do not know if you have the numbers in front of you, but it is in the thousands, or hundreds of thousands, I am told. Is that correct?

Ms. BANE. That is my understanding, Senator. Waiting list numbers are not wildly reliable, but I think do give an indication. And the GAO did a study in several States and did find, as you know, waiting lists of tens of thousands in several States. I am not sure we know it for every State, but we do know it for a fair number of States.

Senator DODD. So that probably tens of thousands is better than hundreds of thousands.

Ms. BANE. Tens of thousands in specific States, so it is nationwide very large numbers.

Senator DODD. OK. So that, theoretically, even if we did not move another person from welfare to work, the present system as it is constituted does not serve the eligible population out there.

Then, I do not know if anyone has done any analysis of what we would be talking about on an annualized basis—again, obviously, what happens with the economy and so on has an awful lot to do with the number of people who could end up on public assistance—but I wonder if you have any idea at all of what we are talking about as we move people from welfare to work—and I do not think there is any doubt that we are going to be moving people form welfare to work one way or the other. Some may have shorter time frames than others, but we are clearly moving in that direction. Do you have any sense of what the potential population would be, particularly among that two-thirds of the population who have children of preschool age so we can get some idea—because what we are talking about is a large number. Do you have any concept at all of what we are talking about?

Ms. BANE. Well, it is a very large number. Again, it is hard to know. There are 9 million children on welfare now. Their parents mostly do not in fact work. There is certainly talk of encouraging more of them to work. I think we could see several million more children with mothers who are working than now under AFDC. Some of the welfare reform proposals would require welfare recipients to start working right away. I am not sure how realistic that is, but that is certainly everyone's aim, and that would, as you suggest, Senator, put several million more children in need of some kind of care while their parents worked.

Senator DODD. Do you have any concept or idea of what this would do to working families today who are utilizing the existing child care programs?

Ms. BANE. One of the things I think we all need to worry about when we talk about coordinating programs more is to make sure that child care subsidies for working families remain available. The block grant now and the at-risk program, the child care under those two programs, goes primarily to non welfare working families, families who are struggling to keep themselves off welfare, mostly low-income families.

As I said, one of the things I worry about if you put all the programs together, and you say, well, if we are requiring welfare recipients to work and to participate in training, we need to ensure them child care, that that requirement would eat up all the money and that we would be badly squeezing the amount of money that would be available for working families. Again, how badly would depend on where you put caps and so on. But I do think that that is one of the things we need to worry about, because if welfare reform is going to succeed, we have to worry not only about what happens to welfare recipients and helping them get the training and so on that they need, but we really have to worry, as your chart showed so well, about those families that are not earning very much and——

Senator DODD. Who are out there doing it every day, struggling to stay off the system.

Ms. BANE. Exactly, exactly.

Senator DODD. And ironically, we may end up pushing those who are presently out there back into the system as a result of crowding. That is the point you are trying to make, and I hope we can make that point as clearly as possible to people.

On the issue of flexibility—Senator Hatch and I, when we crafted the Child Care and Development Block Grant program, we really went out of our way to have flexibility. The chairman in his questions talked about the variations of options that are available to people. I think it is important to note that one of the things we did in that bill was to allow for variations. Among other things we did was to limit the amount of money that could be spent on administration and mandate how much actually has to go to families for child care.

I wonder if you might just comment on how successful or unsuccessful that has been.

Ms. BANE. Well, I think it has been very successful, and I think you will hear from other witnesses in other forums about the importance of the money that has gone out both for services—the other thing that I think was so important about the block grant was not only that you limited the amount of money for administration, but that you mandated that a certain amount of money be used for supply-building and for quality improvements, and that money has been used for consumer education, for training of the work force, it has been used for a number of things that have been really important in helping to raise those standards.

So the block grant approach of making sure that most of the money went for services in a manner that ensured choice to parents, but also investing some in quality, I think was real important.

Senator DODD. Finally on the issue of access—I asked my staff if they could find a number that I remember reading a few years ago. I do not know if it is still accurate today—but one of the problems that we are talking about is a population today of AFDC recipients and what is available to those populations. And the availability and accessibility of child care in the areas where these populations reside, I recall reading, is much smaller than in suburban areas and more affluent areas where you have a lot of dual-income parents that have more options. The market in the more affluent areas has stabilized prices to some degree; whereas in our urban areas, in which I recall reading about the lack of availability, the prices of child care are higher in the areas. These areas have the lowest capacity to support the greatest need.

Have I made my point clear? Is this still a problem?

Ms. BANE. I do not have those exact numbers either, Senator, and we can certainly try to find them and get them to you. That is the way it works, obviously; in places where supply is less, and it is harder to develop, you would expect to see higher prices. But why don't we try to find that for you?

Senator DODD. I would appreciate your taking a look at that. I do not mean that it was necessarily more expensive, but in relative terms, it was very high. And in some cases, I actually think it was more expensive. And if we are going to have demand increase dra-

matically in those areas, as we will with welfare reform, how much availability of child care presently exists to absorb that capacity?

Ms. BANE. I think that that is a huge issue that we have to worry about.

Senator DODD. I would be curious as to what exists out there and to have some analysis of where the populations today of AFDC recipients are, and what is available within those population areas. You are talking about people without cars, where not much public transportation and so forth is available. I would be interested in that.

I have taken more than my time, and I appreciate it, Mr. Chairman.

Senator COATS. Thank you, Senator Dodd. That information would be helpful if you could supply it to the committee.

Ms. BANE. We will see what we can fine, Senator.

Senator COATS. Senator DeWine?

Senator DEWINE. No questions.

Senator COATS. Do you have any other questions, Senator Dodd?

Senator DODD. Well, I will come back quickly to the quality issue. As you know, Senator Hatch and I felt very strongly about quality, and it was one issue that we really tried to work out how to best approach it. There were obviously people who wanted the standards to be set in Washington and others who did not want any standards set. Those were the two poles. And we came out with what was an acceptable solution here, to have some requirements of minimum health and safety standards, educational requirements and so forth, and asked the States to try to meet them.

This study that was done the other day by the four universities talked about only one in seven child care facilities as good quality centers—I should quickly point out for local consumption that Connecticut was ranked one of the top States in terms of its quality of child care; and I do not know where my colleagues' States fell——

Senator COATS. Your colleague is back now, and maybe that is a point that we ought to end on.

Senator WELLSTONE. Minnesota was way up there—as is always the case.

Senator DODD. As is always the case, yes. This is a paid political announcement. [Laughter.]

Senator DODD. If you could quickly answer that question, I would like to move on.

Senator DODD. Was any analysis or comparison done between those centers that were supported by the child care block grant and those that were not, so that you can have some determination as to whether or not those centers that we have been actively engaged in or that certificate holders were using had a better quality of child care than others.

Ms. BANE. I do not recall that the study looked exactly at that issue. One of their findings in their summary, though, was that States with more demanding licensing centers have fewer poor-quality centers. And I think one could infer from that that some of the pressure that the block grant put on the States to have at least minimal requirements has had an effect of raising quality.

Senator DODD. I would be interested if someone might get in touch with them to determine whether or not there was some correlation there at all, because that might give us some idea. Again, I think the issue is how well have we been doing with this program, and even though I am the author of it here, with Senator Hatch, none of us ever know when we start something how well it is going to work. So I would be curious, because when people see the study, I think a lot of them raise the issue "well, gee, maybe this program did not help either." So we ought to take a look at that; it seems to me it might be helpful.

Ms. BANE. There has been testimony—and again, this was a GAO study—of quality efforts in child care programs, especially in family day care. I think that study was very clear in saying that it was the block grant programs that led to those investments in quality.

Senator DODD. That is true.

Ms. BANE. And the approach in the block grant, both of investing in quality and in requiring the States to have some minimum standards, I think is the balance that is going to make it work.

Senator DODD. Thank you very much.

Senator COATS. Senator Wellstone? Senator DeWine has passed. In fact, we almost moved on to the next panel while you were out of the room.

Senator WELLSTONE. Thank you, Mr. Chairman.

Madam Secretary, let me just ask you a couple of questions. First of all, just to try to be as direct as possible, can we have humane welfare reform without a commitment to family child care?

Ms. BANE. I do not think so.

Senator WELLSTONE. And why do you not think so?

Ms. BANE. Because I think that humane welfare reform will indeed provide opportunities and requirements for welfare recipients to get into the work force and to get into the work force quickly. I think that that is important. I think it is important that there be those mutual responsibilities in welfare reform.

I think if we are going to do that, we need to make a commitment both to those welfare recipients and to ourselves as a society that the children of those moms are not being left alone or in unsafe conditions.

Senator WELLSTONE. The second question. When the chairman was mentioning to you about whether or not there might be some connection between some of the mothers becoming child care workers, I was thinking to myself that, at least on present course, one of the problems is that child care workers on the average I think make about $6 an hour, at best, most of whom have no health care coverage. Actually, we pay people in zoos about twice as much as we do child care workers—it is not that people in the zoos should not be paid that, but it just says something.

Now, how much by way of resources would we need to spend to make sure that if women are going to go to work—it is mainly women who are the single parents, correct—that there would be not custodial—all of us want more than custodial—but developmental child care for the children. What would that cost?

Ms. BANE. I do not know that exact number, Senator. I think the study that was recently done did try to look carefully at the rela-

tionship between spending and the quality of child care. Why don't we pull that material together for you?

Senator WELLSTONE. But is there anything that is moving through the House right now? Is there any expenditure of money for family child care as a part of welfare reform?

Ms. BANE. Not that I have seen. We have not seen the details yet of the child care bill that the House will be looking at next week, but it is our understanding that they are trying to limit spending on child care rather than expand it.

Senator WELLSTONE. Well, to build on Senator Dodd's point—and I think this is of concern to all of us on the committee—in Minnesota, we have working parents who are waiting for 2 years for child care, that is to say, those who are not welfare recipients but do not make enough money to be able to afford good child care. We have 2-year waiting lists.

So here is the question. If we are talking about capping child care—it is not going to go up at all; correct?

Ms. BANE. That is my understanding.

Senator WELLSTONE. And if there is no additional investment of resources at all, parallel with what is called welfare reform, how can this be reform? How can you tell women they have to go to work, and not have any commitment on our part, by way of some public policy, that means there will be child care available for their children—much less for those people who are a little bit above welfare who also cry out?

In the absence of those resources, I would like to ask you how this could be anything other than punitive.

Ms. BANE. As I say, Senator, it is difficult for me, like you, to see how you can do effective welfare reform without having some resources for child care. And as you noted, we need to worry about the low-income working families. We heard story after story when we did hearings on welfare reform from moms who found themselves back on welfare or who found themselves unable to get off because they could not afford child care. They got off, they were in a relatively low-paying job, they lost their child care and could not get a subsidy, and they found themselves back on welfare. That is short-sighted, it seems to me, and we need to keep our eye on both the child care resources that will be needed for women to move off welfare, but also to help keep them off.

Senator WELLSTONE. My last comment is that to me, there is just some kind of disconnect between all this language that we have here about block grants and reform and all the rest of it. It seems to me that it is fantasizing, because there is no discussion of digging into our pockets and investing any money into this.

I just have no idea how this is going to work, and I do not feel very reassured from your answers. What am I missing here? I mean, if we have all these working families that are crying out, Mr. Chairman, with long waiting lists, and they cannot afford child care, and now we are talking about 2 years and you are out, or less than that and you are out, and we are not talking about any commitment to family child care—and no one in this room should believe it can be done on the cheap; there is not one study that says you can do this on the cheap—if we do not make those investments, then what do we have? What are we doing for families?

Ms. BANE. Again, Senator, I think those are the questions we all have to ask. When the administration put together its welfare reform proposal, it both tried to put a focus on work and on tough work requirements and on opportunities for welfare recipients to go to work, but supplemented by investments not only in training and education, but in child care. And it was our sense then, as it is our sense now, that both of those things need to be done simultaneously.

Senator WELLSTONE. I thank you, and Mr. Chairman, I would like to go on record as just simply saying that in the absence of a commitment to family child care, what is called welfare reform is going to end up being punitive and degrading and a very far cry from what is real reform, much less, I think, given the trade-off between welfare families and working families, it is going to end up hurting a lot of other people who are now working and are still trying to figure out how to afford child care. To me, it is just an outrageous proposition until we get real about it.

Senator COATS. Thank you, Senator Wellstone.

I want to thank you, Secretary Bane, for your testimony this morning. We look forward to working with you as we attempt to sort out these questions that have been raised. It is important to remember that we currently do spend $11.5 billion under the existing programs, and that does not include the money that is spent under the youth tax credit for children. And obviously, one of the issues facing us is can we spend that money more efficiently and more effectively; is it possible to consolidate some of these programs and do it more efficiently.

We look forward to working with you on that. I think we all recognize that clearly the child care component of welfare reform is an extremely important component, and we need to carefully think it through and make sure that we are making adequate provision for that because, as Senator Dodd and others have pointed out, some actions can be counterproductive if we are not careful to understand the implications of that. That is what the purpose of this hearing is, and we are going to be working on that for the next several months.

Thank you very much for your presence here this morning.

Senator WELLSTONE. Thank you very much, Madam Secretary.

Ms. BANE. Thank you, Mr. Chairman. We look forward to working with you.

Senator COATS. Our second panel consists of three individuals. Our first witness will be Mayor Cardell Cooper, Mayor of East Orange, NJ, who has spent his career in public service, holding several elected offices prior to his current position. We appreciate his willingness to come and testify.

Our second witness will be Judi Schlicting, director of enrollment at South Shore Day Care Services in Weymouth, MA. And our third witness comes from Indiana. Mary Moran is founder and director of the Seeds of Love Day Care Center in Indianapolis.

We look forward to hearing from these three witnesses. In the interest of time, because of the vote and the fact that we got a little bit of a late start this morning, by necessity because of some other conflicts, I would like to ask our witness if at all possible to summarize their statements and try to keep within a 5-minute time

frame. I am not going to gavel you off here; I am going to use this little timing device, and when the yellow light comes on, that means we are moving toward the red light, and when the red light comes on, if you could time your statements roughly to that. Then I will ask committee members to hold their questions to 5 minutes, also.

So Mayor Cooper, we are starting with you. Thank you for coming. We look forward to hearing what you have to say.

STATEMENTS OF MAYOR CARDELL COOPER, EAST ORANGE, NJ, ON BEHALF OF U.S. CONFERENCE OF MAYORS; JUDI SCHLICTING, SOUTH SHORE DAY CARE SERVICES, WEYMOUTH, MA; AND MARY MORAN, SEEDS OF LOVE FAMILY DAY CARE CENTER, INDIANAPOLIS, IN

Mayor COOPER. Thank you very much, Chairman Coats. To Senator Dodd, Senator Wellstone and Senator DeWine, I thank you for this opportunity to be here this morning. I hopefully will conclude before the red light goes off, and I hope that we will get to child care reform before the red light goes off.

It is critical today, and we have heard, certainly, from the assistant secretary of Health and Human Services, who has spoken about some of the major issues. We have testimony which has been presented in writing to the committee, so without going through the full report, I think there are some things that we need to highlight.

I have served both on the advisory board of the U.S. Conference of Mayors and on the Jobs, Education and Family Committee of the U.S. Conference of Mayors. I am very pleased to be here this morning to share with you my experiences as the mayor of East Orange, NJ and my fellow mayors across the country.

While changes in our welfare and social services system have been discussed primarily with governors, mayors and the people who live in cities have a real stake in the outcome, and it is crucial that our voices be heard in this process.

The Conference of Mayors also believes that the availability of child care is one of the essential factors in reforming the Nation's welfare system. If we expect people to move from welfare to work, safe, affordable, quality child care must be available to them. If we expect people who are working in low wage jobs to be able to keep those jobs and not end up on welfare, safe, affordable, quality child care must be available to them.

We know that when child care is available, it can make a difference. In Essex County, where East Orange, NJ is located, an organization, Programs for Parents, a child care resource and referral service, has compiled many success stories, stories that we do not often hear about. That organization's executive director, Barbara Fedoroff, has described the mother of five who has completed nursing school, is now working in the field and is becoming increasingly financially self-sufficient. One day, she will no longer need child care assistance to get by because her salary will be sufficient to pay her child care costs.

She also tells of the father of three who thought he would have to quit his job because child care was eating up so much of his pay that welfare was preferable. Today, he is back to work because

Essex Cares for Kids has subsidized a large portion of his child care expenses.

But despite the successes, funding is insufficient, our child care system is stretched to the limit, and families are falling through the cracks.

The other testimony is for the record and in print, but I want to share with you just a few personal observations as, one, a mayor of an urban city, and two, a father of two children, and three, a person who was raised on welfare with 11 brothers.

It is important that we not forget that the most important resource we have is our children. The cost of welfare reform at the expense of child care is simply delaying the inevitable. Those same individuals, if they are going to return to the cycle of poverty, we will prove the theory true that some people believe that for all folks who are on welfare, their children will end up on welfare. Well, if we handcuff the children before they get a running start, there is no other way they can go besides returning to a system that is punitive, that does help lower the esteem of individuals.

I can tell you of an experience I just had arriving here in Washington last night. I checked into the J.W. Marriott Hotel, and the clerk looked at my name, and he said, "Mayor Cooper, welcome to Washington. What are you doing here?" I told him I would be testifying before this committee this morning on child care. He said, "You know, before I had children, none of this stuff meant anything. I have a 2-year-old now, and I work a night job and a day job because I cannot afford to pay for child care for my kid, so my wife cannot work because it is counterproductive when she goes to work."

That is just endemic of some of the concerns that I heard Senator Wellstone mention; it is sort of a Catch-22 with what we are faced with here today.

Let me say that most people who work work because they believe that work is the honorable thing to do; they want to raise their families and do the best by their families. But it is becoming very interesting that in the proposition of what happened to their children, the same people who have demonstrated the concern of wanting their children to have safe and affordable child care have found that sometimes it is almost preferable to be on welfare—not because they want to, but simply because they cannot make the quantum leap to the next step. It is a very difficult proposition for people who have been faced with difficulties throughout their lives.

As we talk about the number of children who will be affected, we cannot get away from the word "quality." Quality child care is important. It is not just child care, but quality child care. We read stories of abuse that happens across this Nation, and no one wants to expose their children to that, whether it be a welfare mother or whether it be a middle class American. It is just not the thing to do. So quality child care demands, if you will, the commitment that Senator Wellstone talked about, and that is going to mean that we have to spend dollars. And we can spend dollars wisely and effectively and make programs work for people, keep people off of welfare, and make sure that those who have made the quantum leap to work do not return to welfare as we know it.

There is no argument from any side of the aisle, I do not believe, to suggest that welfare reform is not important. It is extremely important. It is the order of the day. But the question becomes how do we reform welfare. Do we reform it at the expense of child care? Do we reform welfare at the expense—and I know the issue of the balanced budget is on everyone's mind—but what is all that going to mean to children's programs?

In New Jersey, for example, with the ongoing crisis in Government and cutting budgets where it affects children's programs, the cost 10 years down the road is going to be far greater.

I want to close on a personal note. I mentioned to you that my mother raised 11 boys on Essex County welfare in the city of Newark, NJ, not an easy place. But four of my brothers went on to the United States military and felt an obligation to give something back to their country; they believed that that was the way to do it. I had the opportunity to go to college, to go on to graduate school and law school, to serve in a public capacity, to say to people that given an opportunity, a hand up instead of a hand out, people can make a difference in their lives.

I am not a unique story. There are may people in this country who are working hard every day to try to make that quantum leap. The problem is that the social safety net that we all speak of has a gigantic hole in the bottom, and they are falling through the cracks through no fault of their own.

Where the system does not work, we need to repair it and correct it. But I will say to you that quality child care is at the heart of this argument of welfare reform, and if we fail to make that quantum leap ourselves, the children as we know them now will be more likely not to learn, they will be more likely to end up involved in crime, they will be more likely to end up in a cycle of poverty, and the theory that many espouse now will come true, and they will say, "See, we told you." But if you do not put the necessary steps in their to correct the problem, it is easy to identify the outcome.

Let me close by telling you what I think the outcome will be if we make the necessary commitment to children across this country and to working families with children and to welfare recipients with children, of providing quality child care, nutrition for youngsters at an early age, because a lot of youngsters get labelled as educationally disadvantaged, and we are finding out every day that it is associated with lack of nutrition, if we do not realize that the young people that we are trying to move into a productive society are going to leave this Nation in the next 20 years simply because we are not willing to make the investment now, to say that we want to prove a political point, by saying we made a promise that we are going to do welfare reform, and we are going to do it at all costs, goes against the grain of what this country was founded on.

So I would just hope today, and I am pleased to say, Senator Coats, Senator Dodd, and the members of this committee, that the work that has gone on in the Senate continues with a passion—and that is not to be critical of the other side of the House—but the critical analysis that must go into this process has to be lifted to a higher level if we are going to solve this problem. The "quick fix" solution will guarantee that we will all be back here 1 day, or we

may all be done 1 day, but this Nation is going to have an underclass that is going to grow, that is going to get worse, and that is going to be more costly to repair down the road than it will be if we make the initial investment today.

So on behalf of the children of America, I ask that we continue the critical analysis and the hard work that you have placed in this subcommittee, and to hear and have the type of debate and discussion that is going to lead to healthy reform in particular for children and giving welfare recipients and those who want to move from the cycle of poverty to the cycle of work an opportunity not only to work, but to believe that they have a chance, in the greatest country in the world, to make a difference in their communities, in their lives, and in the future of their children.

I thank you for this opportunity. There are additional items in my written testimony, and I hope you will have the opportunity to review it, and certainly any questions that you might have as we close, I would certainly be more than willing to answer.

Thank you very much.

Senator COATS. Mayor, thank you very much.

[The prepared statement of Mayor Cooper follows:]

PREPARED STATEMENT OF MAYOR CARDELL COOPER

Chairman Coats, Senator Dodd, members of the subcommittee, I am Cardell Cooper, Mayor of East Orange, NJ. I serve as a member both of the Advisory Board and of the Jobs, Education and the Family Committee of The U.S. Conference of Mayors. I am very pleased to be here this morning to share with you my experiences as the Mayor of East Orange and those of my fellow mayors across the country.

While changes in our welfare and social services systems have been discussed primarily with governors, mayors and the people who live in cities have a very real stake in the outcome, and it is crucial that our voices be heard, that we be at the table.

The Conference of Mayors believes that the availability of child care is one of the essential factors in reforming the nation's welfare system. If we expect people to move from welfare to work, safe, affordable, quality child care must be available to them. If we expect people who are working in low wage jobs to be able to keep those jobs and not end up on welfare, safe, affordable, quality child care must be available to them.

We know that when child care is available it can make the difference. In Essex County, where East Orange is located, Programs for Parents, a child care resource and referral service, has compiled many success stories. That organization's Executive Director, Barbara Fedoroff, has described the mother of five who has completed nursing school, is now working in the field, and is becoming increasingly financially self-sufficient. One day she will no longer need child care assistance to get by because her salary will be sufficient to pay her child care costs. She also tells of the father of three who thought he would have to quit his job because child care was eating up so much of his pay that welfare was preferable. Today, he's back at work because Essex Cares for Kids has subsidized a large portion of his child care expenses.

Despite these successes, funding is insufficient, our child care system is stretched to the limit, and families are falling through the cracks:

—In New Jersey, there are more than 25,000 children waiting for child care. In Essex County, there are over 2,400 children from 1,600 families waiting for child care. In contrast, just over 1,700 children are now being served in our county through the child care certificate program. Many of the families waiting for certificates are so discouraged they do not believe they ever will come off that waiting list. Even so, many low-income parents manage to hang onto their jobs because they believe in work, not welfare.

—Paying for child care is a major problem for low-wage working parents—low income families who pay for child care are paying a staggering one-quarter of their income on this essential service, in contrast to only five percent for upper income families.

—Many parents across the country cannot get any help paying for child care or find affordable settings, and due to this very real financial burden find themselves being forced onto welfare in order to care for their children.

It is particularly critical to recognize the child care crisis facing families and states when developing plans for welfare reform and child care consolidation. A lack of adequate resources has already prevented states from stabilizing the fragile balance that hundreds of thousands of working families are trying to maintain. Welfare reform will likely put a greater strain on the system as more parents come off welfare and need child care in order to be able to work. We need to increase, not decrease, our investment in the child care system.

Consolidation will not address these problems. Many families fall through the cracks and move on and off welfare because their child care funding is cut-off. Children are bounced in and out of child care not because of the proliferation of child care programs and their conflicting eligibility standards, but because there is no money left to help their families pay for child care. The scarcity of child care dollars has already pushed states into devoting more and more child care resources to help families get off welfare and way from those working families who are struggling to keep their jobs and stay independent.

As you consider welfare reform we urge you to maintain the guarantee that families who are working to get off welfare have the child care assistance to keep their children safe. Families who have just left welfare and are in a vulnerable transitional period must also be guaranteed child care help. Finally, child care resources which help working poor families who are one job away from welfare must also be provided. We cannot pit welfare families against working families, we must provide help to both if we are really to reform the welfare system.

As you consider consolidating federal child care programs, we suggest you use the Child Care and Development Block Grant as the base. It has worked successfully for children and families and is the logical framework upon which any child care proposal should be developed. The Conference of Mayors supported passage of that legislation several years ago because it contained our principles for comprehensive child care legislation:

—improving child care quality through increased training resources, better staff compensation, and improved state standards and regulatory enforcement;

—offering families real choices of good, safe care by providing financial assistance to parents and by supporting improved consumer education to help parents make informed choices about the type of child care that best meets their needs;

—providing funding to expand the supply of good child care, including school-based child care; and

—making child care more affordable.

We urge you to apply these principles to any consolidation of child care programs which you might develop.

While much of the emphasis is on increasing the supply of affordable child care, it is critical that quality not be compromised, that funds be reserved for quality. In New Jersey we are currently using our quality set-aside to expand facilities, provide grants and loans for renovation and start-up both to center-based and family-based child care facilities, registering family day care provides and providing planning grants for early childhood career development. All of these activities assist us both to improve and to expand the child care available in our state.

Finally, I would like to address proposals to consolidate nutrition assistance programs, including the Child and Adult Care Food Program (CACFP) into a block grant. At our Winter Meeting last month, the Conference of Mayors adopted a policy position in opposition to a nutrition assistance block grant. We do not want to see the entitlement status of food stamps and child nutrition programs lost, and we don't want to see the various important and successful programs which would be combined pitted against each other within the states. The CACFP is a critical component of federal support for child care. It is hard enough now for parents and child care providers to keep children healthy and safe while in child care. Any proposal that eliminates the assurances provided by CACFP directly threatens children's development, places an even greater financial burden on low- and moderate-income families, and limits parents' ability to work.

Again, I appreciate having the opportunity to discuss the views of the Nation's mayors with you today. Be assured that mayors want to work with you as you develop proposals to reform our child care, welfare and social services systems.

Senator COATS. Judi.

Ms. SCHLICTING. Good morning, Senator Coats, Senator Dodd, and Senator Wellstone.

I am Judi Schlicting, and I am the enrollment coordinator at South Shore Day Care Services. I do appreciate the opportunity to be here and testify on behalf of South Shore and the Child Welfare League of America and to talk about the importance of the Federal investment in child care and also share some stories with you.

South Shore Day Care Services is a nonprofit day care agency. We are located south of Boston. We provide high-quality child care to approximately 500 children, 2 months to 12 years old.

In my position, I am the one who gets the calls every day from parents in their search for safe, reliable, high-quality, affordable child care. Their frustrations are real, and mine are real in trying to help them. The waiting lists are long. Trying to secure that reliable child care for them is many times the final barrier to their self-sufficiency.

If I might share a couple of quick stories with you today, because they are success stories, and it is important. A couple of years ago, I had a mom call me who was in her 10th month of transitional child care. She had worked her way up from welfare to a job at a local hospital. She was now frightened that in 2 months, that was going to end, and she was going to be back on assistance again.

Fortunately for her, we did have an opening for her preschool child. We did not have an opening for the after school child, so she made arrangements with a neighbor to watch him for the hour after his school until she got home from work.

Her next worry was summer, when he needed full-time care. What would she do then? I told her I would place her on a waiting list, but at that time, subsidized camp does not come easy. So I told her she needed an alternative plan for the summer. Somehow, in June, another child was moving, and a spot came up. I called her, and when she came in to do the paperwork in the office with me, she brought the child with her, and she was very thankful. The little boy came over to me, hugged me, and said, "Thank you. Now I do not have to leave my Mom this summer."

I was puzzled. I did not know what the correlation here was. What it was—her alternative plan was to send him to the Midwest for the summer to stay with a relative he did not even know. So to have them now know that they would stay together for the summer, he was hugging me on one side and she on the other, and we all had a good cry. That was a real success story.

Another one was this Christmas, right after the holidays, a mom called me who was in a situation of domestic violence and substance abuse. Her husband was an alcoholic and she a battered wife, and she knew it was time for her to get herself and her three sons out.

She was working a job full-time days, also working a job at night, receiving no assistance at all, but saving to get those boys out. We had just received in increase in our subsidized slots, and I was able to help her place her two children, and she made arrangements for her after school child, the older child, so that she could make this break. To her, that was the answer to her prayers and also a sign that what she was doing was right—this major step in her life, signing a lease for an apartment and taking those three boys and leaving. And she did it, and she did it successfully.

And when she came into the office, and I praised her on her bravery in getting out of this situation and starting a whole new life, she said that for her, it was one thing, but to think of her boys being raised in this situation of violence and with that male role model in the home that her three sons would be learning from—here I am, thinking I am helping her in her work, and this is what she, of course, is placing at the forefront.

Now, these are two lucky people. Many more—most—of the calls that I receive, I am the one who at the bottom line says there is no care; you cannot take that job.

I would just like you to hear from some parents on what happens when I cannot help them with child care.

"I am going to have to quit my job because my child is becoming too demanding for my mother, who is quite elderly. My child needs a more structured day care program."

"I have been accepted to school, I have tuition assistance in place, but without day care, I cannot get started."

"I could get more hours at work, but I need care right away so I do not miss this opportunity to make more money and quality for health benefits."

"Stuck in a dead-end, low-wage job, and without more training, I cannot become financially independent. I need care for my children while I sharpen my skills and make myself more marketable."

These are the ones that I think we have to focus on, not the other two, which are wonderful stories. I focus on them, because I need to, or I could not go to work every day. But the ones that you need to focus on are the unlucky ones, and those are the ones that I hope, by having the opportunity to be here today, it will make a difference in your decisions on child care funding.

Thank you very much.

Senator COATS. Thank you.

[The prepared statement of Ms. Schlicting follows:]

PREPARED STATEMENT OF JUDI SCHLICTING

Good morning Senator Coats, Senator Dodd, Senator Kennedy and members of the subcommittee. My name is Judi Schlicting, Enrollment Coordinator at South Shore Day Care Services. I appreciate the opportunity to testify today on behalf of South Shore Day Care Services and the Child Welfare League of America, to discuss the importance of the federal investment in child care and share with you stories about several working families from Massachusetts.

South Shore Day Care Services is a non-profit, community organization established in 1970 and is a member of the Child Welfare League of America. It is located in Weymouth, MA, providing quality child care to over 500 children and families ages 2 months to 12 years. 68 percent of our children come from low to moderate income working families struggling to make ends meet or AFDC families in work, training, or education programs who seek a better life. The families receive some form of subsidized tuition assistance.

South Shore Day Care Services has four (4) child care centers, three (3) of which are nationally accredited through the National Association for the Education of Young Children (NAEYC); six (6) school-age child care programs; a summer camp for school age children; and a system of fifteen (15) family child care homes. These family child care homes participate in the Child and Adult Care Food Program (CACFP). The agency acts as the food sponsor. The 15 homes serve 55 children from low-income families. The children have a major portion of their nutritional needs met through the meals and snacks received at the family child care homes. Without the child care food program, the family child care providers would be hard pressed to provide such nutritious meals without passing the food costs onto parents who struggle now to afford child care.

My background is financial- crunching numbers and ensuring bottom line profits. But five years ago my life took a turn and I came to work at South Shore Day Care Services. I thought my job would be easy—people need day care, we have openings, help them get what they need. I didn't even think it was a "real job."

However, soon I realized just how serious it is. I was on the front line joining parents in their struggle to become economically independent and to provide for their families.

Every day I receive calls from desperate parents looking for safe, quality, reliable, and affordable child care. Their livelihood and their future depend on finding it.

The frustration felt by these parents in their search for child care is certainly understandable. Waiting lists far outnumber available slots and securing reliable care is in many cases the final coordination for their self-sufficiency.

The following letters of appreciation demonstrate the impact affordable child care can on the working parent.

"I just had to let you know how much I appreciate all your help with my daughter. I know I must have driven you crazy calling you all those times to get my daughter into your program, but it was a time in my life when I could literally have been in sink-or-swim situation."

"Your program allowed me to work and continue my education at low cost and I know my daughter was well taken care of. I now possess the skills and knowledge to live my life without public assistance. I don't know how I would have done it without your sliding scale program. Thank you—thank you—thank you."

"No words could express the gratitude that I feel. Both children were a part of South Shore Day Care for several years and have nothing but fond memories. They were provided with the love and guidance every working mother looks for and needs to know their children receive. Thank you all so much!"

The Child Care and Development Block Grant has made quality child care possible and that has enabled more parents to better themselves and enter or remain in the workforce knowing that their children are safe in a secure structured environment.

It is clear that well trained teachers make an important difference. The quality improvement monies of the block grant have allowed us to raise the level of education of our teaching staff thereby ensuring the quality of the care which we provide. I frequently receive letters and phone calls from parents who are amazed at the level of expertise of our teaching staff. Parents love the progress their children make under the guidance of our teachers and quite often seek staff help with their own parenting difficulties.

At South Shore Day Care Services, we try to pay our teaches above average salaries-resulting in better qualified teachers, better working conditions, and less turnover. However, it is a struggle because the current reimbursement rates in Massachusetts do not cover the full cost of high quality care.

Massachusetts uses a system of vouchers and contracts for both its state and federally subsidized child care program. Most parents don't realize which source of funding helps subsidize their child care. The block grant enables us to include outreach to parents advising them of the child care options available to them. I work very closely with local child care resource and referral agencies to coordinate the transition for parents using contracts and vouchers as they move from welfare to work. Working together, the resource and referral counselor and I take the time to explain to parents their rights and many referrals result in successful enrollment within our program or in a program or type of care of their choosing.

Massachusetts has tried to create a seamless system and has been known as a leader in state funding for child care, but this has not been enough. There are still a far too limited number of affordable child care subsidies and the competition for these slots is fierce.

All too often families on welfare are pitted against families at risk of falling into welfare.

Never was the struggle between the two so evident as in Massachusetts the summer of 1992. An intake freeze took effect in June. Income-eligible, working parents were not allowed access to care, slots were available for welfare recipients only.

You can only imagine the frustration felt by parents working so hard to stay off welfare and put food on the table yet at the same time being denied access to affordable child care because they were not welfare recipients. My job was not a pleasant one that summer, parents cried, parents yelled, and I'm sure many still face the real setbacks that resulted from that policy.

The main reason I am here today is to share several typical stories with you of families who were able to get subsidies.

In December of 1993, a mom came into our office needing help with child care. She had not worked outside her home in over 10 years and due to her recent divorce

needed to return to the workforce. She was not receiving any assistance but was scraping by on meager court ordered support. Her job skills were minimal and outdated but she had already sought to enroll in a computer and business skills training program offered locally for low income parents. However, she needed reliable child care for her two sons. Her youngest was in a Head Start program and fortunately we had a subsidized opening for her oldest in after school care. Mom was scared yet determined to make a new life. She graduated in June 1994 and immediately secured a position which has given her the economic independence which she needed. Her youngest son has now enrolled in our full day kindergarten program allowing mom to continue her work knowing that her childrens' needs have been met.

In the fall of 1991, I received a call from a desperate mom whose one year of transitional child care from welfare to work was to expire in November. She had a good job at a local hospital. The thought of losing child care and having to give up her position and go back on assistance was frightening her. Luckily for her before the& end of November, an opening occurred at one of our preschools. She was thrilled and made arrangements with a neighbor to watch her oldest son for the short time after school until she got home from work. Of course, her concern for full-time care for him in the summer was her next worry. I assured her I would keep him on the waiting list and as a sibling, he would have priority for our subsidized summer camp. But because really didn't think an opening would come up, I told her to pursue an alternative plan. In June, two weeks before camp, due to another child's move, an opening came up for her oldest son. When mom and child came to my office to complete the paperwork; she was very grateful. As they were leaving, this handsome 10-year-old boy hugged me and said, "Thank you, now I don't have to leave my mother this summer." I looked puzzled at mom and she explained her alternative plan had been to send the boy to the Midwest to stay with a relative so that she would be able to keep her job. She was hugging me on one side and he on the other, we all had a good cry.

Just after Christmas this past year, I received a call from a mom who was making a major change in her life. There was domestic violence and substance abuse in her home and she needed to get herself and her three boys out. She had a good office position full-time days and had been working nights also to save the money to make a fresh start. Mom already had an apartment lined up and was signing the lease within 2 weeks. She had not told her husband that she and the boys were leaving yet because she feared his reaction but knew that she had to go through with it. We had recently received an increase in our subsidized slots and I was able to place her two youngest children in care. This of course was the answer to her prayers and gave her the encouragement and support she needed to go through with the move. When we met to do the paperwork, I told the mom how brave I thought she was to get herself out of this abusive situation and take charge of her life. She explained that she had no choice. Raising three sons with this kind of role modeling present was something that could not continue. Even at this time when I thought she should be thinking of her personal safety, mom was putting her boys first.

But these parents are the lucky ones. They got help when it was needed, but some, maybe even most parents are not so lucky. Age appropriate openings or subsidies are not always available when needed and the result can be a major setback for parents denied care. This is what I hear from parents when I cannot help them with child care.

"I'm going to have to quit my job because my child is becoming too demanding for my mother who's quite elderly. My child needs a more structured day care program."

"I've been accepted to school and have tuition assistance in place and without day care, I'm back where I started."

"I could get more hours at work but I need care right away so I don't miss this opportunity to make more money and qualify for health benefits."

"I'm stuck in a dead end low wage job and without more training, I can't become financially independent. I need care for my children while I sharpen my skills and become more marketable."

To conclude my testimony, I would like to share a letter with you which is a favorite of many of us at South Shore Day Care Services. On days when I'm feeling particularly helpless due to long waiting lists and scarcity of care, I pull this out to remind myself of the positive impact child care can make.

"My daughter Danielle is now almost 23 years old and I believe that she is the wonderful person that she is due in a large part to South Shore Day Care. I was able to work and build up to the position that I am now in because I never had to worry about where my daughter was or what she was doing or who she was with. Above all there was the caring of your staff who took care of children such as mine

who did not come from a "normal" home and attend a private day care for children whose mothers needed time away from their children. How I wish that I could have had that time with my daughter but I couldn't and luckily for me there was South Shore Day Care. I never felt that my child was cheated in life nor does she. I still remember the first day that I took her to day care on my way to work. She said "bye Mommy, you go to work, I go to school" not tears but a smile on her little face. I am very happy to know that you are still there for people like us. In hard economic times, I am sure that is harder than ever for you to keep going but please don't give up. Remember, there are many more people like us out here who think that you are the greatest. I don't know if any of your staff from those days are still with you as we all go on our way. If there are any left, please tell them THANK YOU from the bottom to the top of our hearts. I had many personal problems in those days and my daughter needed to be protected. Jack, the center director, was our KNIGHT IN SHINING ARMOR. Like the fairy tales, we are now living happily ever after. Thank you all again."

Being able to share these stories with you today is major step for me in my personal commitment to parents and children. I hope it will make a difference as you plan the future of federal funding for child care services. Thank you.

Senator COATS. Mary.

Ms. MORAN. I would like to thank the committee and Senator Coats for giving me this opportunity to address you today.

East Side Community Investments, Inc., is a 19-year-old community-based development corporation which serves the Near East side of Indianapolis. Within the community are 28,000 people, and over one-third of the families have income of less than $7,500 per year. The community has less than 3 percent of the population of Indianapolis, but around 12 percent the case load for ADC.

In 1988, ECI surveyed 148 families with child care needs in cooperation with the public schools and churches. The results included that over 90 percent of the families were using family or friends or relatives for their child care. One-third reported that they had lost a job or quit a job due to child care; 25 percent reported that they were missing 2 weeks or more of work annually due to child care problems; over half were dissatisfied with their current child care arrangements. The primary reasons were concern about the health and safety and welfare of their children while they worked and concerns about the lack of educational attainment.

On the other side, ECI found 128 women caring for children. Only two were licensed. The opportunity was to begin to build a cottage industry from the ranks of people who were already, although for the most part, marginally in business.

Through providing training in health, safety, food, nutrition, early childhood development, crafts and play, providing better housing, and providing affirmation and support, ECI was able to cause 19 women to start a business. The results have been better quality child care, role models, improved housing, new owners with assets and more steps toward community revitalization.

Financial support for these projects came through the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, the city of Indianapolis Community Development Block Grant, the State of Indiana Neighborhood Assistance Program, Indiana Housing Finance Authority, low-income tax credits, the Ford Foundation, the Lilly Endowment, and the Levi Strauss Foundation.

Senator DODD. That is a pretty crowd you have there.

Ms. MORAN. There are talents and skills which reside in poor communities which, if given a chance to be engaged, will help us to address some of our society's most urgent problems. Important contributions and learning occur through the active participation of Government, business and community.

I am one of the individuals trained to do child care through ECI. Six and a half years ago, I was a new mother. I had been attending college but I had to stop because my financial aid had run out. My husband and I were living from paycheck to paycheck without much of a chance of changing our future.

One day, I happened to be picking up my daughter from a neighbor's house when a recruiter from ECI came to her house to explain a new program. I listened with a growing sense of interest as she explained a program which had never been done anywhere else before. I learned that this program was designed to train people to do in-home child care as a business.

Along with my neighbor, I was invited to attend a planning meeting to hear further details of the program. At the meeting, I was told some of the benefits I could receive from joining this program, such as training, a stipend, and possibly some sort of housing assistance.

Along with 28 others, I decided to give it a try. Little did I know at that time that I had made a decision which would change the rest of my life. Some of the goals ECI had for the program were to help participants receive financial independence, to find housing that would provide a safe and healthy environment for the child care children, and also provide training on a variety of issues relating to child care so that participants could offer quality care.

I learned that ECI could possibly help me buy my own home, something that up until that time I thought would never be possible. We had no credit, only a small savings account, and only my husband's income to base a loan application on.

Through some innovative financing plans and a lot of technical assistance from ECI, on January 1, 1990, my husband and I became homeowners. Also, through some housing grants ECI had received, I was able to make the necessary repairs to meet licensing and safety codes.

The initial training we received covered areas ranging from health and safety, nutrition and early child development, to record-keeping, policy development and taxes. We have also received continuous training on almost every aspect of child care.

I believe that we provide some of the highest quality of care available in our community. Children from my day care, upon entering school, have performed much better than average. Several are in advanced reading classes, and many teachers have commented on their advanced social skills.

I am able to provide this quality, affordable care through assistance from the Child Care Food Program, programs such as WIN, IMPACT, and other subsidy programs.

My child care business has afforded me many benefits. It has allowed me to become a homeowner, a professional, and an active contributor to my community. I have also been able to re-enroll in college to finish my degree without having to depend on financial assistance from anyone.

Finally, the most important thing my business has done is that it has allowed me to stay home and raise my own two daughters in a safe, healthy learning environment while helping to financially support my family.

[The prepared statement of Ms. Moran follows:]

PREPARED STATEMENT OF MARY MORAN

Hello, my name is Mary Moran and I would like to thank the committee and Senator Coats for giving me this opportunity to address you today.

Six and a half years ago I was a new mother. I had been attending college but I had to stop because my financial aid had run out. My husband and I were living from paycheck to paycheck without much of a chance of changing our future. One day I just happened to be picking up my daughter from a neighbors house when a recruiter from Eastside Community Investments, a community based development corporation, came to her house to explain a new program. I listened with a growing sense of interest as she explained a program, which had never been done anywhere else before. I learned that this program was designed to train people to do in home child care as a business. Along with my neighbor I was invited to attend a planning meeting to here further details of the program. At the meeting I was told some of the benefits I could receive from joining this program, such as training, a stipend, and possibly some sort of housing assistance. Along with twenty eight others decided to give it a try. Little did know, at that time I had made a decision which would change the course of my life.

Some of the goals E.C.I. had for the program were to help participants receive financial independence, to find housing that would provide a safe healthy environment for the day care children and also provide training on a variety of issues relating to child care so participants could offer quality care.

I learned E.C.I. could possibly help me buy my own home, something that up until that time I thought would never be possible. We had no credit, only a small savings account and only my husbands income to base a loan application on. Through some innovative financing plans and a lot of technical assistance from E.C.I. on January 1, 1990 my husband and I became homeowners. Also, through some housing grants E.C.I. had received I was able to make the necessary repairs to meet licensing codes.

The initial training we received covered areas ranging from health and safety, nutrition, and early childhood development to record keeping, policy development and taxes. We also have received continuous training on almost every aspect of child care. I believe that we provide some of the highest quality of care available in our community. Although some participants chose not to continue in child care they used the training as a bridge to other professions. This training gave me the self confidence and courage to go out on my own and start a new business and a new way of life.

My child care business has afforded me many benefits. It has allowed me to become a homeowner, a professional and an active contributor to my community. I have also been able to reenroll in college to finish my degree without having to depend on financial assistance from anyone. Finally, the most important thing my business has done is it has allowed me to stay home and raise my own two daughters in a safe, healthy, learning environment while helping to financially support my family. Thank you.

EASTSIDE FAMILY DAY CARE HOMES PROJECT

Eastside Community Investments, Inc. is a nineteen year old community based development corporation which serves the near Eastside of Indianapolis. Within the community are 28,000 people, and over one third of the families have incomes of less than $7,500 per year. The community has less than 3 percent of the population of Indianapolis, but around 12 percent of the case load for Aid to Dependent Children.

In 1988, ECI surveyed 148 families with child care needs in cooperation with the public schools and churches. The results included that over 90 percent of the families were using family, friends or relatives for their child care. One third reported that they had lost a job or quit a job due to child care. One third had left school or quit school because of child care. Twenty-five percent reported that they were missing two weeks or more of work annually due to child care problems. Over half were dissatisfied with their current child care arrangements, the primary reasons were: concern about the health safety and welfare of their children while they

worked (67 percent) and concerns about the lack of educational attainment (51 percent).

On the other side ECI found 128 women caring for children, only two were licensed. The opportunity was to begin to build a cottage industry from the ranks of people who were already, although for the most part marginally in the "business."

Through providing training in health and safety, food and nutrition, early child development, crafts and play; providing better housing; and, providing affirmation and support. ECI was able to cause nineteen women to start a business from their intuitive and learned experiences in child care. The results have been better quality child care, new entrepreneurs and role models, improved housing, new owners of assets, and more steps toward community revitalization.

Financial support for this project came through: The U.S. Department of Health and Human Services—Office of Community Services, the U.S. Department of Housing and Urban Development, the City of Indianapolis—Community Development Block Grant, the State of Indiana—Neighborhood Assistance Program, the Indiana Housing Finance Authority—Low Income Housing Tax Credits, the Ford Foundation, the Lilly Endowment, and the Levi Strauss Foundation.

This project needs to be viewed as advancing a case that there are talents and skills which reside in poor communities which if given a chance to be engaged will help us to address some of our societies most urgent problems. And that important contributions and learnings occur through the active partnership of government, business and community.

Senator COATS. Mary, thank you. I really appreciate your comments and your statement, and hopefully, as we face the realities of a budget deficit and the realities of limitation of funds and all the competing demands for those funds, it is clear to me that we are going to have to look at different ways, different models, as to how we can provide assistance to people in need, including child care.

It seems to me that the East Side project is a model that we can look at. Clearly, it is an involvement of Government, of the business community, of volunteers, of foundations, of a collection of interests that share a common goal and are willing to contribute to what I think can be a significant effort. It also speaks to the question of whether we can provide quality day care with the necessary skills in the providers and in home settings.

So the reason why we have asked you here is because you have demonstrated that that is possible. And while this model may not be available for every community, certainly it can be available for many, many communities, and so I really appreciate your coming here and telling us about it.

In that regard, Mayor, let me ask you this. Are you doing anything in East Orange, NJ which is similar to this, and specifically, I would like you to get to the question—and Judi, you chip in here, too—get to the question of can we provide the kind of quality care, with health and safety and nutrition concerns addressed, in other than center-based, Government-funded settings. We will always have those; we will always have that involvement. As I said, we spend $11.5 billion on that now. But as we face the reality of having to look at different ways of providing this kind of assistance, are these things that you have examined and looked at? I wonder if the two of you could comment on that.

Mayor COOPER. Senator Coats, first of all, I want to say to you that every working day of a mayor's life, we have to be innovative and creative. The cost of trying to provide services obviously is going up. But let me say that I think the private sector has responsibility, and there are those companies which have instituted child

care, onsite programs, if you will, assisting parents who happen to work for Company A, and child care may be readily available.

I served as the Essex County Administrator in the County of Essex a few years ago, and during my tenure there, with the support of the county executive, then county executive Amato, created a child care site on the grounds of the county facilities for county workers, if you will. Those who were single parents and who were working had an opportunity to drop their children off at that particular center and then move on to work and then pick them up, creating a quality environment to do that.

I think there are many things that can be done, but I think the key and the cornerstone of the premise of child care is that recognizing the deficit and the problems that this Nation has, we must come to the conclusion that the children did not create the problem. And we have to be creative enough to know that as we began to address the national problems, that at local levels, there have been many innovative programs.

My concern, however—and it is something that I think Senator Wellstone touched upon—is that there is a growing industry of people who want to provide child care. The problem is that it is becoming a profit-oriented business as opposed to quality care because the demand is so great.

Senator COATS. Can't it be both? You seem to be implying that if it is profit-making, they do not provide quality.

Mayor COOPER. No. My concern is not because they are making a profit. The concern is because the demand is so great, you have a number of centers that are popping up, and if the issue of quality gets sacrificed just to simply say that we have more centers now to provide—and that includes the private sector—that if the quality of that care is not proper, then we are not really solving the problem.

I use the example of private industry, for example, those companies that provide child care—and it worked for that person who was leaving home, taking the children with them, dropping them off at the appropriate facility on the grounds perhaps the company that they are working for.

Senator COATS. Well, let me ask you a question about the home care. My real question here is can we provide—what Mary has talked about is home care—proper training, proper involvement, taking someone who has not had that experience and giving them the necessary training. Judi, maybe I misunderstood you, but you said calls come in, and you are full, and you say, well, you cannot take the job, or you cannot get the education, because we do not have any more slots.

Ms. SCHLICTING. Right.

Senator COATS. But aren't there places other than center-based care that you can refer people to—or were you referring to the fact that everything is full?

Ms. SCHLICTING. We have family home care. Children start at 2 months. We do not start our centers until 15 months. So we do have 15 family day care providers that are part of our system. They are licensed homes. We have two professionals who supervise the homes, and I do placement within them.

Once again, there are people who would like to do family day care in their homes. The other side of it is there are not the amount of people who can pay the amount that it would be for child care to be quality and to pay for those high licensing standards and the high quality care. And that is where I am saying there are no openings, that you can get tuition assistance, subsidy assistance with. Definitely, that is the majority of our waiting list, those ages—infants up to the magic age of 2.9 is the majority of the waiting list that we have at South Shore.

Senator COATS. Mayor, do you want to comment on the home care?

Mayor COOPER. I think home care is appropriate, but I think Judi's point is well-made. The question of the cost to get it done and the people that we are talking about servicing—I go back to the young man that I spoke about earlier, and I am going to stop to see him before I leave Washington, because he made an interesting point. He said, "I took a night job, and I have a day job, and the reason I did that was because if my wife were working also, the amount of money we would have to pay for child care has made it counterproductive. So it is easier for me to get two jobs."

Senator COATS. But how do you respond to Mary's example. When you say you cannot get it done—they have gotten it done.

Mayor COOPER. Senator, I do not think we are suggesting that there are not situations where it is being done. We are talking about a massive problem across the Nation. We are talking about situations where programs have worked and——

Senator COATS. That is right, and Mary has offered an example of a different way of doing it, and I am just asking if that could be a model.

Mayor COOPER. Let me suggest to you that the core of child care—there is no one way to provide quality child care, and that is the point I want to make.

Senator COATS. Good.

Mayor COOPER. No one has the best or the only mousetrap. But the point is if it is not affordable, the people whom we are basically talking about—and let us go back to the welfare reform argument—are people who can least afford to pay it, because if they take a job—and Senator Wellstone touched upon it—if a person is making $6 an hour, and if we are not talking about increasing the minimum wage, so they start at bare bones numbers, the cost of paying for that is prohibitive. And in homes——

Senator COATS. Mayor, my time has expired, and if I am going to hold my colleagues to 5 minutes, I have got to hold myself to 5 minutes.

Let me just suggest that the kind of care that I think Mary is talking about is in many ways more affordable than the center-based care or the Government-funded care, because it utilizes resources that are available—you do not have to create the center, you do not have to create sometimes the kind of bureaucracy that is involved in just center-based care. It is a very viable alternative.

Mayor COOPER. But we still need the subsidy to make it happen. That is the point.

Senator COATS. Sure, sure.

Mayor COOPER. And if we need the subsidy, the argument still goes to the core of the availability of the dollars to get it done. I think the program is absolutely great, and I think if you look across the country, you will find many programs that operate that way. But the issue of the subsidy is important.

Senator COATS. My time has expired——

Senator WELLSTONE. I think Mary should get a chance to respond.

Senator COATS. Can she do that off of your time?

Senator WELLSTONE. Absolutely. And Mary, I want you to go home and say the Senator from Indiana said, "Not on my time," but the Senator from Minnesota said on his time. [Laughter.]

Senator COATS. She is going to get a chance one way or another.

Ms. MORAN. I just want to say that our program was based so that people in our neighborhood could afford it. We based our program so that all of the participants in this program agreed to have a sliding fee scale for the parents, based on their income, so that no one was excluded from the quality care.

I hear people talking about the price of in-home care as opposed to centers. I speak from experience of not only my own parents, but doing research, and I am very much more affordable, because of my sliding fee scale and because I do take subsidy programs, than the centers in my neighborhood.

Senator DODD. I bet you are. Let me just pick up, if I can, Mr. Chairman, on that, because I think it is an important point that you do it that way. I think the point to be made here is that when Senator Hatch and I crafted this legislation, we provided for a wide range of alternatives. I think that is critical.

What we wanted to insist upon—and Mary, I will ask you to be the first one to comment on this—is that some basic things be there. When we talked about safety and health standards, education—we were frankly less concerned about the options people may want to choose based on their economic circumstances and their geographic circumstances, than on whether or not that child would be the proper care in those settings. And I think that that is a critical element that needs to be addressed here. And obviously, different things work in different circumstances and places.

In the area the mayor represents, East Orange, and in some of our cities, the options that you can provide where you are may not be the same, and a different set of options are going to make a lot more sense. I do not think you have any argument with that, do you?

Ms. MORAN. No.

Senator DODD. OK.

Mayor, we will have before us shortly Mr. Besharov, who will be on our next panel. He cites your Governor's statement that she could accept a 5 percent cut in welfare spending in return for greater autonomy. I am curious as to how that, in your State of New Jersey, will affect all of this. If we end up capping the programs in child care or doing away with them as we expand the population to be served, how is that going to affect people in your State?

Mayor COOPER. Well, I think that to agree that you could sacrifice a 5 percent cut for autonomy, you would have to translate

that into something more. New Jersey in its present form of what is going on with the issue of welfare reform, the balanced budget amendment if it were to take place—and I want to use that argument, and just very quickly, I believe Marian Wright Edelman did a State-by-State analysis of what all of the programs combined for children, just the stats for New Jersey, and in New Jersey alone, 42,200 babies, preschoolers, and pregnant women would lose infant formula and other WIC nutrition programs; 80,000 plus children would lose food stamps; 152,000 children would lose free or subsidized school lunch programs; 138,000 children would lose Medicaid health coverage; 175,000 cases now served by the State child support agency would lose health to establish paternity or collect child support; 71,000 children would lose welfare benefits or Aid to Families with Dependent Children; 5,000 blind and disabled children would lose SSI income; 3,400 more children would lose Federal child care subsidies that enable parents to work or get an education and training; 10,600 children in Head Start would lose child and adult care, food program meals; and 54,200 children would lose remedial education through Title I.

Now, that is not just a core of this particular subcommittee, but if we look at the problem in total. It is much easier to say the autonomy issue that one can live with without understanding the greater impact of the full system.

So I do not necessarily agree with the Governor on that point. I think what I do agree with the Governor on is that we can perform better in many of the programs that we run, thereby perhaps creating cost savings. But it is not a question of—I can live with a 5 percent cut as Mayor if I have to in terms of autonomy to get something done, Senator. But I am afraid, with the stats that I have just cited, that if we take those in combination with the balanced budget amendment proposal, with welfare reform as a whole, and the child care issue—and I believe just this morning there was some discussion or decisions made about what will happen to preschool children and what they will be entitled to by way of nutrition programs——

Senator DODD. The reason I raise the issue is because in the political context, you are at the end of the food chain.

Mayor COOPER. Absolutely, and that is literal.

Senator DODD. Yes. Well, frankly, mayors are. We say, look, we are not going to spend that money; we cannot afford to do it any longer. The Governors say it, and I do not know whom you turn to at that point, but it all ends up down at the community-based level, and that is where the problems rest.

Mayor COOPER. Senator, if I might, you are right that not only are we at the bottom of the food chain, but the pantry is bare, and I think we need to understand what that means.

With all of the—I do not want to use the word "rush," but for lack of a better word—rush to commit our resources to a new direction, the people who fall through that social safety net do not go away; they still reside in America's cities, and they are still there. So it goes beyond just the fact that when we talk about cuts, what does it mean.

I can tell you that in communities in urban cities in particular—and the U.S. Conference of Mayors, by the way, with cities ranging

from 30,000 up to as large as New York City and Chicago, all of the mayors, Democrats, Republicans, Independents, agree that we are at the bottom end of this food chain. But the point is that it is nice to be here today to talk about it, because the Governors have had one healthy conversation about how this ought to work. And the people who ultimately are going to have to manage this and make it work are the mayors who are at the bottom of the food chain.

So I am glad, Senator Dodd, that I am here today on behalf of mayors. I just hope that as this committee continues its work, it will get testimony from other mayors, from both large and small municipalities. Welfare people, by number, may reside largely in cities, but trust me—and I am sure that all of you know—there are people who are suffering who live in small rural cities and towns across the United States who are going to be impacted by the decisions made on welfare reform and child care in particular.

Senator DODD. Thank you very much. My time has expired.

Senator COATS. Thank you, Senator Dodd.

Senator Wellstone?

Senator WELLSTONE. Thank you.

Now, Mary, I am going to lose some of my time because I gave some to you.

Senator COATS. No, no. [Laughter.]

Senator WELLSTONE. I do not know where to start, and Mayor, you really stole my thunder. I was going to make the point that many of these problems are not just urban or metropolitan; they are more hidden, but they are no less real in our smaller towns and in our rural communities.

And without getting into a debate on the balanced budget amendment, I did want to let you know that two times, I think, I have had a "sense of the Senate" amendment that says the Senate will do nothing, pass no legislation or make cuts that would create more hunger or homelessness among children in America—those amendments have been defeated, because that is precisely what we are going to do. And I will have an amendment to the balanced budget amendment that says we will balance the budget unless it leads to an increase in hunger and malnutrition among children. I am waiting until next week to build up some support, because I intend to hold people accountable on the very questions that you have raised.

I wanted to put a question to any of you who want to zero in on this, and I would, Mr. Chairman, like to ask you to include in the record a study by the Greater Minneapolis Day Care Association, which was funded by a Minneapolis foundation, called "Valuing Families: The High Cost of Waiting for Child Care and Sliding Fee Assistance."

Senator COATS. I would be happy to include that in the record.

[The study follows:]

VALUING FAMILIES:

The High Cost of Waiting for Child Care Sliding Fee Assistance

Greater Minneapolis
Day Care Association

Funded by a grant from The Minneapolis Foundation

VALUING FAMILIES: The High Cost of Waiting

A Study of Families on the Child Care Sliding Fee Waiting List in Hennepin County, Minneapolis, MN

Just as a small amount of money invested at the right time produces a profitable future return, investing in children through the Child Care Sliding Fee Program ensures short- and long-term dividends for all of us.

Minnesota's 20-year-old Child Care Sliding Fee Program stabilizes the cost of child care and education for parents. By providing a moderate amount of funding based on each family's size and income, it allows low-income parents to work or stay in school while paying a copayment for their child's care and education.

In spite of the value and effectiveness of the Child Care Sliding Fee Program, funding is not available when people need it. In December of 1994, approximately 2,100 Hennepin County families faced a wait of up to one-and-one-half years for assistance.

Believing that such delays are harmful to families, GMDCA surveyed families on Hennepin County's waiting list to determine the economic, emotional, and societal costs of delayed support. The study unearthed five compelling findings that corroborate what we in child care already knew: waiting for child care assistance has a devastating impact on families.

Study Findings

1 Without child care subsidies, one quarter of the families on the waiting list have turned to AFDC for economic survival and one-half rely on food stamps and Medical Assistance. As one parent stated:

> *"...I've been on AFDC for six years and I would have preferred free daycare and medical assistance within the first year of my firstborn's life to an AFDC check...I need help, but more importantly I need to show my kids by example how to survive by employment and hard work. All I'm showing them is someone will take care of you....and that every three weeks we only have one to two meals at most and hunger hurts."*

2 The short-term cost of supporting families on welfare is $595 more per month per family than the cost of supporting a similar family with only child care subsidies. The long-term cost of supporting families with welfare also has serious ramifications.

3 Many families have incurred overwhelming debt as a result of their child care expenses. Most parents cannot find free child care. Over 80 percent of families on the waiting list pay for care, and of these families, 71 percent have experienced significant levels of debt or filed for bankruptcy.

The majority of families surveyed continue to work while waiting for Child Care Sliding Fee, but they do so at great expense to the security of their family. With an average annual income of $15,400, they struggle to pay child care — which averages $4,525 a year for a three- or four-year-old or 29 percent of these earnings.

> *"I pay $460 a month for child care. I am a single parent and a manager of a restaurant. As a result of day care expenses I try to cut back on hours at work...to reduce the day care amount. My unit then suffers...to the point I worry I may lose my job. I have lost out on bonus money I depend on and have fallen behind on several bills...I am currently looking into claiming bankruptcy."*

4 Because of the high cost of care and education, almost half of the parents feel trapped. Some are unable to work, much less pursue training for higher-wage jobs.

> *"The... financial stress of having small children is almost unbearable. It is an impossible situation when you cannot afford to work because you cannot afford quality child care, but you cannot afford not to work."*

5 Many children on the waiting list are deprived of consistent, stable care and appropriate early childhood education. This may result in the inability to form strong, healthy relationships, which are the foundation needed for success in school and life.

Over one-third of parents were concerned about quality issues with their child's provider such as lack of appropriate programming, not enough attention paid to their child and unsafe or unclean environments.

> *"The babysitter leaves Alicia with her son who is 17 years old and very immature. It bothers me to come and get her and she's crying hysterically and he just ignores her and she's hungry."*

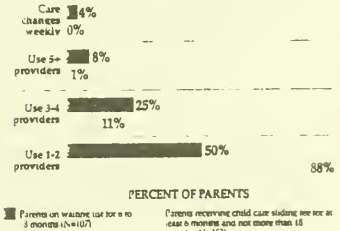
Over one-third of parents changed child care providers three or more times while on the waiting list.

> *"My child is six months old and has been in three horrible daycares in two-and-one-half months."*

"My two babies will be fuller — happier —learning a lot of new interesting things they need to know. Have a chance to meet another children, to talk, to learn how to speak English, to understand the world outside. Right now my two children know nothing about English — afraid outside —afraid with other kids. And I worried about my babies a lot while I'm working because my babies are not full enough, they're not happy and so scared of the lady who take care of them. I am a single mother. My income really not enough to send my to children to day care center. Please help."

— From a mother on the Child Care Sliding Fee waiting list

Stability of Child Care Arrangements



NOTE. For parents on the waiting list, an additional 7 percent gave other responses and 6 percent did not respond to the question.

About GMDCA

As the child care resource and referral agency for Hennepin County, the Greater Minneapolis Day Care Association (GMDCA) has worked for 26 years to effect positive change in the quality, affordability and accessibility of child care. In addition, GMDCA seeks to influence the overall Minnesota child care system for the benefit of all children and families.

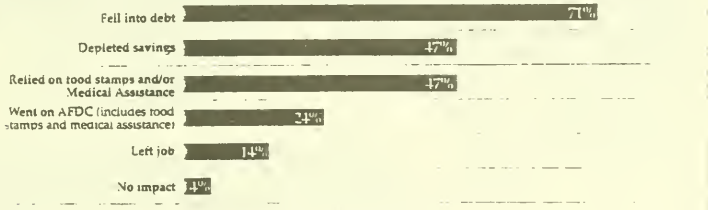
This study was funded by a grant from the Minneapolis Foundation.

Profile of Families Surveyed

GMDCA surveyed 270 randomly-selected families on the waiting list for Child Care Sliding Fee assistance.

Average family size	3
Average number of children per family	1.5
Average annual income	$15,400
Marital status:	
Single parents	68 percent
Married	25 percent
Living with other parent	6 percent
Unknown	1 percent
Work/School Status:	
Working	63 percent
In school	10 percent
Both working and in school	11 percent
Looking for work or waiting to get into school	16 percent

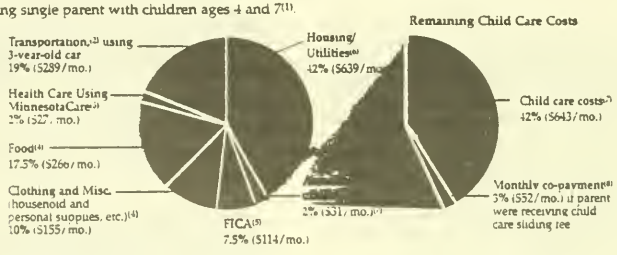
Economic Impact of Child Care Costs on Families on the Waiting List



NOTE: Results do not total to 100 percent due to multiple responses. (N = 270)

No Room for Child Care Costs in Budget of Typical Family on the Waiting List

Monthly budget of $1,521 (includes food stamps and earned income tax credit) for working single parent with children ages 4 and 7[1].


Remaining Child Care Costs
Transportation,[2] using 3-year-old car 19% ($289/mo.)
Housing/ Utilities[6] 42% ($639/mo.)
Health Care Using MinnesotaCare[3] 2% ($27/mo.)
Child care costs[7] 42% ($643/mo.)
Food[4] 17.5% ($266/mo.)
Clothing and Misc. (household and personal supplies, etc.)[4] 10% ($155/mo.)
FICA[5] 7.5% ($114/mo.)
2% ($31/mo.)[8]
Monthly co-payment[8] 5% ($32/mo.) if parent were receiving child care sliding fee

Notes (Data compiled by Children's Defense Fund-MN 1993):
1. Average income of family on the waiting list in Hennepin County, including $193/month for food stamps and $70/month for tax credits minus state and federal taxes due.
2. Cost of running a 3-year-old car 12,000 miles/year; from MN Department of Transportation, 1993.
3. Presumes family on MinnesotaCare; higher if parent is covered through employer and must pay share of cost, 1993.
4. From MN Department of Human Services Market Basket Evaluation of AFDC Standard of Need, 1991.
5. Social Security; presumes no income tax withholding.
6. Two-bedroom apartment with utilities and phone; from U.S. Department of Housing and Urban Development and U.S. West, 1993.
7. Average cost of family child care for preschool and school age care, 1994.
8. Monthly Child Care Sliding Fee copayment for family of three, 1994. $391 of total child care costs are subsidized.

Impossible Choices: AFDC or Nothing

Given the high cost of child care, low wage jobs and a long waiting list for Child Care Sliding Fee, how do these families manage? Some don't.

Families on the waiting list soon discover that the fastest way to obtain child care assistance is to quit their jobs, go on AFDC, and then begin work again often at lower paying jobs. How can this be?

Parents and caretakers who enter the child care system through AFDC are, for the most part, eligible for child care assistance if they go to work or school. Parents who are not on AFDC are placed on the Child Care Sliding Fee waiting list. Families transitioning off AFDC are placed at the head of this list, causing further delays for the low-income, non-AFDC families already waiting for assistance.

We believe the unintended message of the current system is, "Quit your job, go on AFDC, then get another job and you'll receive child care services."

In the end, many families do whatever it takes to survive.

- While waiting for child care funding, 47 percent of families relied on Food Stamp and Medical Assistance Programs.
- Almost one out of four families on the waiting list left jobs or job-related training and turned to AFDC.

The Child Care Sliding Fee Program: A Sound Investment

Ultimately, investing in the Child Care Sliding Fee Program helps ensure future returns. The program provides an appropriate amount of assistance to low-income families struggling to work and care for their children. It creates self-sufficiency and allows parents to be responsible for choices about their child's care and education. As such, it is a family friendly alternative to welfare, giving families the boost they so desperately need.

Currently, the Child Care Sliding Fee Program serves 2,300 non-AFDC Hennepin County families whose income is below 75 percent of the State Median Income (SMI). The majority (54 Percent) of families served participate in the program less than one year.

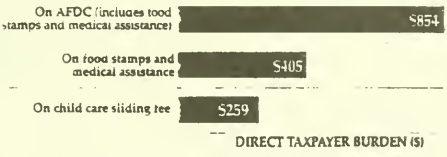
Additional Findings:

- The estimated direct-service, tax-payer costs of supporting families on AFDC, Food Stamps and Medical Assistance is $595 more per month per family than assisting families through the Child Care Sliding Fee Program.
- Once families receive funding through the Child Care Sliding Fee Program, they continue to improve their economic standing as they move from part-time to full-time work or pursue training to qualify for higher-paying jobs. As a result, average gross annual income increases from $15,400 for families on the waiting list to $19,500 for families receiving child care assistance.
- Families receiving Child Care Sliding Fee have less need to rely on other forms of public assistance. Of the 434 families currently receiving Child Care Sliding Fee through GMDCA only 1 percent use food stamps and 1 percent are enrolled on Medical Assistance.

Beyond the economic benefits, the Child Care Sliding Fee Program helps reduce the fear and uncertainty that confront low-income families daily. It enables parents to purchase stable care and education for their children. Such care readies children for school, teaches them necessary social skills and prepares them to be self-sufficient, contributing citizens.

> *"Before I received child care subsidies, I was forced to work two jobs, about 65 hours per week. Between work and commuting time I had no time to be a parent and what time I had was very low quality. . . After a year of this schedule I was forced to my job and go on AFDC [Aid for Families with Dependent Children]. Now that I receive subsidies I have returned to school. I will graduate after two years. . . with an electrician degree. This new career will allow me to provide for myself and my child without any assistance within one year on the job."*
>
> — Mother of a three-year-old on the Child Care Sliding Fee Waiting List

Average Monthly Costs to Taxpayers for Supporting a Family



NOTE: Average monthly costs of programs are provided by Minnesota Department of Human Services and GMDCA. Taxes paid by families in each group were subtracted from the costs to taxpayers — an estimated $57 per month for families receiving AFDC, $110 per month for those on food stamps and Medical Assistance, and $171 per month for families receiving Child Care Sliding Fee assistance. Tax data is provided by the Joint Religious Legislative Coalition. Costs to taxpayers do not include program administration.

To order the full report, **Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance**, send $5 per copy, which includes postage, to GMDCA, 1628 Elliot Ave. S., Minneapolis, MN 55404-1657, or fax your order, along with Visa or MasterCard number and authorized signature, to GMDCA, 612/431-3356. All orders must be prepaid. Questions? Call GMDCA at 612/341-1177.

What happens while families wait for child care sliding fee assistance?

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Senator WELLSTONE. The point of this study—and actually, Minnesota ranks very near the top in terms of quality of care, and we have many different options, including home-based child care, which you have spoken about, Mary—but nevertheless, the two conclusions are, number one, that good child care cannot be done on the cheap, and number two, that even with all these options, the real problem is that the waiting lists are so long.

So my question, starting with you, Mary, is—and I love the work you do, and you have a sliding fee scale, which makes a great deal of sense—but would you say, based upon what you do and based upon what you know about child care in the city, is child care available for most of the people who need child care now? I mean, your example is wonderful, but is it enough?

Ms. MORAN. No. All of the participants in the program that continued on in child care have full houses, and it is hard for parents to find quality care. I turn people away a lot to other day care providers and other centers. So there is a big need.

Senator WELLSTONE. So the point is that to look at a specific example and say it works well, and that we should think about different models, there is agreement on that, but that is not the same thing as saying, therefore, we have a great example there in Indianapolis, and we do not have any problems, and therefore, we do not have to worry about our children.

In Secretary Bane's testimony—and she did not have a chance to go into this, but in a study last year of children in family care and relative care, by the Families and Work Institute, only 9 percent of the homes in the study were rated good quality. The study also found that children from low-income homes, not surprisingly, are in lower quality care than children from higher-income homes.

So it seems to me that you do a wonderful job, but then I go to Judi's heart-rending stories about people who have called and do not get care. So it seems to me there is no way for us to turn our gaze away from the reality that is staring us in the face, which is if it is going to be quality care—which all of us want for our own children and for everyone else's, and it makes all the sense in terms of the future of the country, and it is going to be affordable, we are going to have to make a commitment of some resources.

Would any of you disagree with that?

Mayor COOPER. Not at all, Senator. From the municipal level as an example, municipal bonds have been floated to help bring child care centers up to standard, because we refuse to allow children to go into centers that are not up to standard. That is not the general operation of a municipal government, to go out and use its bonding capacity to help to improve the physical structure of buildings that are somewhat semi-private. But the commitment was there because the need for the children to have a place to go was there, and infant care in particular.

So I do not think you will find any of us would agree that it is not going to be an investment. The question is how can we wisely invest in it and make it work, so that we are not back here 5 years from now saying that is another plan that did not work.

Senator WELLSTONE. And my last question, very quickly, and then a quick personal statement, because I now want to get away from this part of the discussion. Why do each of you care so much

about this, just in your own personal words? Let us start with Mary.

Ms. MORAN. Because every day, I see my little kids—I call them my little kids, because they spend as much time with me, almost, as they do with their families—I see what they need, and someone has to stand up for what they need. And it works both ways—it is both on the provider side and it is also on the parents' side of quality. Sometimes parents are forced into a situation where they do not look at quality. They say, "I need somebody right now. Can you take them right now," without investigating me or interviewing me. I would like the situation to be changed so that parents are never forced into a situation where quality is not an issue.

Ms. SCHLICTING. I agree with Mary, mainly because I know that some of the parents that I turn away have to leave; they have to go to work. And many times, when I call people on the waiting list, I get the child who is on the waiting list. "Mommy cannot come to the phone right now." It is a child at-risk, it is a child alone. It is a child left with an older sibling in the afternoon, and the sibling wants to be on the telephone or watching TV, and that child is just left to fend for himself. So that some people just have to go on and go to work and do what they have to do, and it is the children who suffer.

I would like to not have to ever say no to anyone again. Obviously, that will not happen. But there can be a major difference made in just realizing, as you say, the sheer numbers, the numbers on the waiting lists. We constantly say "waiting list" like it is just a title, but it is very real. We have as many children on our waiting list as we have enrolled, and the majority are infants up to toddlers, and those are the ones that I would like to see helped and see the parents helped, as in those two success stories I told you about.

Mayor COOPER. Senator, just very quickly, I believe it is my responsibility to fight because I am a living example of what can work when given the opportunity. And finally, I have two children, and I want them to grow up in a world that is going to work for all kids. It is very difficult, when I tell my kids my circumstances and the way I grew up. I want them to do better, and they have kids that they go to school with and other kids in their community who do not have that chance. We have a chance to correct that, and I feel that not only do I owe something to my community, but I believe in this country. And if this country is going to be great, we cannot take our most precious resource and let them just fall through that net.

So here, there, or anywhere else that we have to fight this cause—and when I say "fight" it, not to suggest that there is not common ground, because there is; but to say that something has to be a priority. And I would rather make this a priority. There are other issues that we may not win on, but this is an issue that American wins on, and it is an issue that America loses on if we do not make the quantum leap.

So I am here for that purpose and that purpose only.

Senator WELLSTONE. Thank you.

Thank you, Mr. Chairman.

Senator COATS. I want to thank these three panelists for their commitment to the issue, for their work in the trenches on this issue, and for the important contribution they have made to the committee.

I just want to note that while we have strayed a little bit from one of the topics—and I am sure we will pick it up in the second panel—what we are really searching for here is a way to provide more child care to more children, more efficiently if we can. We have 90 programs that the Federal Government funds, 13 agencies involved, and maybe the administrative cost is only 5 or 7 percent, but 5 or 7 percent times 90 adds up to some big dollars that may not be getting to the children and is being eaten up in administrative costs. So if we can do that with nine programs that cover an equal or maybe even greater range of services to more children, then we are doing it more efficiently and more effectively.

Second, we are searching for alternative models. Is there a better way to do it? Every industry in American has had to look in the last couple of decades for more efficient and effective ways of producing their products. Government needs to do that also.

So one of our real challenges here is to look at ways of providing services more cost-effectively. That does not mean that we lower quality. It may mean that we just open our eyes to different alternatives. In that regard, the East Side Community Project can serve as one model. Obviously, it will not apply to every situation, but it can serve as one model of a way that we can provide affordable, quality child care to children, particularly those children from low-income families.

Thank you all for your testimony.

Senator DODD. Mr. Chairman, could I just raise one other, quick point?

Senator COATS. Yes.

Senator DODD. Mary, I read your testimony, and this was not included in your prepared testimony, but you recited a litany of Federal, State, local and private groups that made it possible for you to become involved. I hope that that will become part of the record.

Ms. MORAN. I thought it was.

Senator DODD. Maybe I read your statement too quickly.

Senator COATS. I have that information.

Senator DODD. But my point is, could you have ever done this without the kind of support you received from those Federal and State agencies?

Ms. MORAN. Oh, no. They helped with everything. They helped with equipment and training and housing, fixing the houses up. We could never have done it without that.

Senator DODD. Do you have any idea how much money was expended in order to get you in the position where you could get going?

Ms. MORAN. No. I could get that information for you.

Senator DODD. It might be helpful just to get some idea of how much public money we committed in order for you to get started in your own private business. I am sure it was pretty substantial.

Ms. MORAN. I would imagine.

Senator DODD. Including helping you to buy your own home. That is pretty good. I would be curious as to how much we invested

in that effort so that when we look at this alternative and we examine how we can maximize the Federal dollar in order to provide quality child care, we have some idea of how much these kinds of programs cost.

I commend you for what you have done. You have done a great job. I am just curious how much we can do for other people in that same category.

And finally, Mr. Chairman, I am one for consolidating wherever we can, and I want you to know that. I am worried that we are going to miss the opportunity if we get into a debate about 90 programs or 150 programs, some of which are marginal in their involvement. There are clearly a number; whether it is five, six, seven, eight, or ten, I think the issue of consolidation needs to be confronted. I just think if we start talking about 90 or 100 or whatever, that we are going to miss the possibility of having a good discussion of how we can consolidate. The 90 or 100 we are talking about for the most part have very marginal involvement with child care. The numbers make a good political point, but I do not think it is quite the reality.

There is a reality of maybe having too many, and we ought to get that down, and I think we are going to get through that argument much quicker if we can get away from the notion that there is a huge proliferation of too many Federal agencies involved in the issue. So I would just mention that.

Senator COATS. Thank you, Senator Dodd.

I thank the panel for being here. We appreciate very much your participation in this effort.

Our third panel consists of three witnesses. We will hear first from Douglas Besharov, a resident scholar at the American Enterprise Institute and a visiting professor at the University of Maryland's School of Public Affairs. He has written extensively in the areas of welfare reform, poverty issues and child care.

Our second witness is Dr. Bill Tobin, director of government relations for the Child Care Institute of America. Dr. Tobin has extensively studied the use of the Child Care and Development Block Grant by the States.

And our final witness will be Susan Muenchow, executive director of the Florida Children's Forum in Tallahassee.

We thank you all for coming today. Mr. Besharov, you are first.

STATEMENTS OF DOUGLAS J. BESHAROV, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC; WILLIAM J. TOBIN, CHILD CARE INSTITUTE OF AMERICA, WASHINGTON, DC; AND SUSAN MUENCHOW, FLORIDA CHILDREN'S FORUM, TALLAHASSEE, FL

Mr. BESHAROV. Thank you, Senator Coats. I want to apologize ahead of time for the fact that I am a visiting professor at the University of Maryland, and after the question and answer period, I will have to high-tail it up there; otherwise, I will have an angry class on my hands.

Let me say first of all that in my prepared testimony, I talk a great deal about that maze of child care agencies that have been built up over the last 25 years, and I think it is so gratifying to hear that both the Republicans and the Democrats are going to

come to this. Now, sometimes it takes an election, right, to clean house, but I understand that Senators Dodd and Kennedy will also have a bill that tries to undo some of the terrible morass of programs that we have.

So on that part of the discussion that I have heard so far this morning, I am all for it, and I congratulate you all, and I wish you all good luck.

I would like to depart from what I wrote and respond to what I have heard today. This is the continuing discussion about how we cannot do welfare reform unless we do child care expansions of tremendous size. That is true only if you have only one vision of welfare reform.

A few facts. Child care is very expensive, whether quality child care or not. It is costing us over $7,000 or $8,000 per year per child when we do full-time, full-year care. The average family on welfare has two children. We are talking about child care costs in excess of $10,000 per family, and more for families with younger children.

Nationally, the average AFDC payment is only $5,000. If you add in food stamps and so forth, you are only talking about around $10,000 or $11,000.

So when we talk about providing guaranteed child care to welfare recipients, we are talking about doubling the total welfare cost. At another time, on another budget, that might be possible.

If the only way to do welfare reform is to do it the way it has been done in the past, we might have to do that. This is the box that the administration got itself into for the last 2 years when it tried to do welfare reform. It had one picture of welfare reform—job training and some kind of job that follows that might have to be supportive, or public service, and through that whole period, a guarantee of child care riding with it. Every time they ran the numbers through their computers, they found they did not have enough money to do welfare reform that way.

Their response was to cut down the number of mothers that would be required into these programs so that the Federal Government could afford the child care.

There is another way. I do not say that the Republicans came up with this deliberately, but what has been so striking about the conversation in the States about the block grant is the explosion of ideas about different ways to do welfare reform.

So let me repeat what I said and then go to what I am trying to say here. When people say you cannot do welfare reform without expanding child care, they have one model of welfare reform in mind. But what is going to happen under the block grant if it passes is that we are going to have dozens of kinds of welfare reform. Some are going to require large amounts of child care; others are not. I will give you just two examples of things that are being seriously considered as soon as or as long as the Congress takes the straitjacket off the States.

One is what the Progressive Policy Institute—the President's think tank, as it is known—calls "second-chance homes," or what the rest of us call group homes for mothers and children. There are many States ready to go with those kinds of group homes, in vast numbers, for young mothers with very young children. Those facilities will not need a child care block grant. They will need the flexi-

bility to take whatever money the Federal Government provides for welfare recipients to create these structured communities.

The child care will be in that building, performed by the mothers while they are there. It will be a very different structure, and the costs will be very different.

Other State are ready—Massachusetts is one—once the requirements are lifted, to empower people who apply for welfare to go to work right away. And the State of Massachusetts, as I understand it, is prepared to guarantee child care using the money it would have used for AFDC.

What I am trying to point out here is that there is a moral high ground in saying that welfare reform and child care do not have to be connected; that at the State level, the Governors will take these moneys and mix and match.

The argument we have here, in my opinion, Senator, is very much like the argument that is taking place on the crime bill—and I do not know how you feel on this. I am an elected member of the town council in my little community, and we have had one Federal funding source after another. We can only spend on certain things. A lot of communities do not want more cops, or at least do not want them under the terms and conditions of the crime bill—not full payment the first year, sliding scale down for the next few years. They would rather see that money for something else, like more prosecutors, more prevention programs, whatever.

The same thing here with welfare reform and child care. If you maintain this old vision that the only way to do welfare reform is job training and public service jobs, then you may be caught with this argument that you have to do child care the traditional way. I do not think you have to do that. What I encourage you to do is hold out for flexibility at every level on this process.

Senator COATS. Thank you.

[The prepared statement of Mr. Besharov follows:]

PREPARED STATEMENT OF DOUGLAS J. BESHAROV

Mr. Coats, members of the committee, it is my great pleasure to come before you today to discuss the important topic of a child care block grant.

My name is Douglas Besharov. I am a resident scholar at the American Enterprise Institute for Public Policy Research where I conduct research on issues concerning children and families. I am also a visiting professor at the University of Maryland School of Public Affairs where I teach courses on family policy, welfare reform, and the implementation of social policy.

One of the projects I am now working on is a book titled Enhancing Early Childhood Programs: Burdens and Opportunities. For your reference, I have attached a copy of the book's table of contents and introduction. The Introduction describes the contents of each chapter and places them in their broader context.

Two-year-old Andre was going to have a busy day. After spending the morning at the Keys of Life Child Development Center on 12th Street, N.W., he was supposed to make a cross town trek to another day care facility in Kalorama. Instead, he was run over by the bus that was to take him there, and died in a hospital bed a few hours later.

Andre's death was a rare tragedy, but it highlights a very common problem: Over the last 30 years, Congress has created a patchwork of nearly one hundred separate child care programs that forces children to bounce from one facility to the next and wastes scarce child care dollars by creating unnecessary overhead and bureaucracy.

Given the general Republican antipathy toward federal social programs, advocates for the poor fear their programs will be gutted by the incoming Congress.

But there is good reason to think that the GOP will actually bring some much-needed reform to what has become a confusing maze of social welfare programs. The Republicans, less-vested in the existing system since it was mostly created by Demo-

crats, are poised to propose a series of huge block grants in such areas as job training, nutrition, social services and child care that could greatly streamline the current Byzantine structure.

How bad is the child care situation and why would a block grant make sense? Over the past 20 years, federal funding for child care services has risen sharply, more than doubling to $8 billion in the past four years alone. This increased funding has given rise to no fewer than 93 different federal programs, administered out of 11 agencies and 20 separate offices. The Department of Education alone, according to a new study by the General Accounting Office, has six offices that fund child care programs.

Nearly all of these programs serve essentially the same population of low-income children. Head Start, the largest with a budget of $3.3 billion, serves children from families whose income is below the federal poverty line; the Child and Adult Food Program ($1.3 billion) subsidizes meals and snacks for low-income children in child care; Child Care and Development Block Grants ($893 million) give states funds to assist low-income families; AFDC/JOBS Child Care ($528 million) provides assistance to children whose parents are on AFDC and either working or in a job training program. And the list goes on.

With so much overlap, one disadvantaged child could be eligible for as many as 13 programs, the GAO report noted. Unfortunately, the funds from those programs pass through numerous federal, state and local agencies—that can't or won't pool their funds to serve one child.

Worse, since eligibility is based on the work status of parents, children can be forced to leave a program in mid-year—if mom or dad gets a job or loses one, enters a job training program or completes one, goes on welfare or leaves it. Lucky children will qualify for another program, if there is room, but even then they will likely suffer a disruptive setback to their preschool development. "This is the revolving door of publicly funded day care," says Richard Ruopp, former head of the Bank Street College and director of the National Day Care Study.

"The turf battles were just horrible," recounts Jean Layzer who, as executive director of a Massachusetts commission on early childhood programs, was charged with developing a plan for a universal system. "There was early childhood money all over, in welfare agencies, in social service agencies, in education agencies, in mental health agencies and in places you would never expect. No one wanted to give up even a small program in order to create a unified system."

As a result, most communities are left with a disconnected array of small programs that often keep the child only part of the day. This is particularly burdensome to parents who work and is precisely why children like Andre are bused from center to center. Few children suffer Andre's fate, of course, but many young preschoolers pay a heavy emotional toll for all the moving around they are forced to endure.

Annoying as it is for the families, the morass of programs is a nightmare to administer. "Child care providers spend more time trying to coordinate programs than operate them," protests one agency executive. Fitting the various pieces of funding together is like trying to complete a huge jigsaw puzzle. Needless to say, federal funds don't simply flow in: Each comes with its own complicated application and approval process that forces many programs to employ at least one full-time staff person to coordinate funding and document eligibility—resources that would be better spent on the children.

To their credit, both the Bush and Clinton administrations tried to make it easier for localities to integrate the various federal funding streams, but their ability to do so was sharply limited by the explicit statutory language that created most of the programs.

How did we get so many child care programs in the first place? Often, advocates decided that the only way to expand services was to create yet another, program. This happened in many social programs. For example, Sen. Edward M. Kennedy (D-Mass.) said he was "responsible for tagging job training on anything that went through here," claiming this was the only way to expand such programs under Reagan and Bush. Perhaps so, but the programs were added under Republican and Democratic presidents alike.

The real answer is that every congressional fiefdom seemed to need its own child care, job training or other social welfare program. Take, for example, the notorious process that four years ago led to the creation of the At-Risk Child Care and the Child Care and Development Block Grant programs. Essentially, these programs are the product of a fight for power over the issue of child care between the House Education and Labor Committee and the House Ways and Means Committee. Neither committee would give in, so the dispute was resolved by creating two new day care programs, one for each committee—but each serving the same pool of kids.

Repeat this process many times over and you see why six congressional committees and 11 subcommittees now oversee the major child care programs.

Child care is not the only area of federal social welfare spending that has turned into an irrational maze of disjointed programs. There are 154 job training programs, 71 social services and child welfare programs and—depending on how you count them—hundreds of nutritional programs, housing programs, and health programs. Like child care, each comes with slightly different eligibility rules and services, but tremendous overlap. The result? Immense inefficiencies and confusion in the communities where the services are actually provided.

Under a federal system like ours, it is sometimes necessary to establish funding in a way that makes clear our national priorities, but there is no justification for the current cacophony of programs. Right now we have a disparate array of programs that have grown in size and complexity like cobwebs in the nooks and crannies of committee jurisdiction—all because Congress has lacked the central leadership to prevent individual committees from becoming policy entrepreneurs.

Since the 1970's, reformers have repeatedly criticized the patchwork of separate federal social welfare programs and have called for the creation of fewer and more flexible funding streams. Up to now, however, their efforts have come to naught-because each program had its protector in the well-entrenched congressional establishment. Even President Clinton's much-vaunted effort to "reinvent government" did not take on the congressional satrapies that such micro-programming has created.

The incoming Republicans are vowing to clean out the congressional cobwebs built up over four decades. And it looks like they will.

"From here on, I want to review issues, such as child care, on a system-wide basis, instead of program by program, as has been the case for the past 40 years," says Rep. Bill Goodling (R-Pa.), soon-to-be-Chairman of the House Economic Opportunity (formerly Education and Labor) Committee. "It's ridiculous how all these programs got created—individual Members looking to bring home the bacon with a new program,or one program being split in two just to satisfy petty jurisdictional squabbles."

The Republicans are now rushing to develop legislation that would transform scores of existing programs into a series of social welfare block grants. The leadership hopes to move these bills in the first days of the new Congress—before the new majority becomes invested in the status quo.

Opponents are already calling these block grants nothing more than a fancy excuse to cut spending. They claim that all we'll get is Reaganism revisited—with a vengeance. To an extent, of course, they are right. Some Republicans are talking about using the block grant approach to justify deep cuts in social spending. But forces of moderation are likely to limit any reductions.

State governors, especially the 30 Republican ones, have a powerful voice on Capitol Hill these days. Most have expressed a willingness to see spending reduced in return for greater flexibility to administer programs as they see fit. New Jersey Gov. Christine Todd Whitman, for example, has said that she could accept a five percent cut in welfare spending in return for greater autonomy. But the governors have also signaled opposition to any cuts beyond what would be gained from saving administrative costs. After all, they would be under pressure to fill the gap in any budget shortfall created by reductions in federal funding.

Senate Republicans too are likely to support block grants—but, more moderate than their House counterparts, they also will be wary of undermining programs for the disadvantaged. Sen. Nancy Kassebaum (R-Kan.), who will take over from Kennedy as chairman of the Committee on Labor and Human Resources, has warned: "The point of block grants and program consolidation is not so much to save money—although that may happen—but to make programs work more effectively."

There is good reason, therefore, to hope that the Republicans will free localities from the straitjacket of federal bureaucracy without unreasonably cutting financial support. If that happens, then disadvantaged children will be the real beneficiaries of the new block grants. And even some liberals may conclude there is a positive side to the changeover in Congress. Who knows, they might even hold their collective noses and cheer. Thank you.

Enhancing Early Childhood Programs: Burdens and Opportunities

INTRODUCTION

As policy makers attempt to reform the health care and welfare systems, early childhood programs for low-income children are at risk of losing their rightful place on policy makers' agenda. If families are to be able to gain self-sufficiency and if

there children are expected to become productive members of society, it is vital that early childhood programs be effectively administered within the context of the family. Federal early childhood programs are often characterized by their inconsistency; difficulty in administration; and varying target populations. Expansion of these programs could create additional problems or offer solutions. Program administrators need to know what to expect from and how best to adapt to these changes.

This book is the result of a collaborative effort between child care experts and administrators who hope to provide (1) an understanding of the sources and extent of funding for early childhood programs; (2) a picture of where low-income children are in early childhood programs and child care settings; (3) suggestions on how to integrate the numerous child care programs at a local level; (4) an example of how one state has created a state-level early childhood program infrastructure; and how that state has moved toward program collaboration and "seamless" administration; (5) models of programs with a "two-generation" focus, which address the needs of both children and their parents; and (6) an insight into the prospect of coordinating Head Start expansion with the current welfare reform effort and transforming both into truly two-generation programs.

Doug Besharov and Amy Fowler, of the American Enterprise Institute for Public Policy Research, begin the discussion of early childhood programs by describing the sources and costs of federal child care assistance. Child care assistance has grown tremendously over the past twenty years, especially for disadvantaged children and their families. Assistance comes in many forms: specific child care and early education programs; child care funds provided through welfare and job training programs; student financial aid which includes child care expenses; child care funding through social service and community development grants; child care benefits to federal employees; and child care allowances awarded through tax policy. The numerous child care assistance funding streams amount to a total of nearly $ 11.5 billion dollars in 1994.

Christine Ross and Stuart Kerachsky, of Mathematica Policy Research, Inc., identify the strategies that state and local child care administrators use to coordinate multiple child care programs. Their findings are based on their telephone survey of child care program administrators in 23 cities and 15 states, and in-depth interviews conducted during site visits to eight of the cities between December, 1992 and March, 1993. They select for their discussion 11 U.S. cities that represent a variety of approaches to program administration. Ross and Kerachsky found that states had a difficult time coordinating the rules and regulations of federal programs developed in 1988 and 1990 with already existing programs. Federal policy priorities often differ from a state's priorities. Coordination becomes increasingly difficult when different state and local agencies administer different programs.

The result, if states resign themselves to the inherent conflict, are "mixed" systems. Ross and Kerachsky argue that an ideal child care system is "integrated." Integrated systems are characterized by (1) single local or state agencies administering all child care programs, (2) single points of entry for parents, (3) parents are assisted in making program transitions as their eligibility changes, (4) income eligibility limits are the sane for all programs, (5) sliding fee scales are the same for all programs, (6) providers are paid at the same rate, regardless of the funding source, (7) payment systems are based on vouchers, (8) information and referral services for parents are strong, (9) any legal provider can provide subsidized care, and (10) subsidized care providers receive technical assistance and training.

The next chapter describes an example of a state's effort toward developing an integrated system. Fred Meservey, Gail Koser, and Susan Blank, of the New York State Council on Children and Families, describe New York's experience in developing a permanent infrastructure for the state's early childhood programs. The authors provide a blueprint for early childhood program collaboration. This blueprint is based on the work of the Permanent Interagency Committee on Early Childhood Programs (PICECP) and its Subcommittee on Collaborative Structures. Officials in the state of New York discovered that the presence of conflicting systems of child care resulted in a waste of public investments and a lack of responsiveness to families' needs. They realized that in order to improve the system, a lasting decision-making body that included as many actors as possible had to be created. The PICECP, comprised of the directors and commissioners of eight state agencies, was designed by Governor Cuomo to coordinate the efforts to expand New York's infrastructure for early childhood services.

Meservey and Koser present a "case-study" of success. The PICECP's Collaborative Structures Subcommittee. The subcommittee has taken charge of the state's effort to foster collaboration among its prekindergarten, Head Start, and child care programs and to develop comprehensive, full-day, full-year early childhood services for low-income children and their families. The subcommittee is characterized by the

vision that serving children within the context of their families is key to program success. The subcommittee was successful in developing two strategies: (1) encouraging schools to extend the days of half-day programs through subsidies and parent fees; and (2) supporting the capacity of not-for-profit programs to apply for future state prekindergarten funds. Meservey and Koser conclude that in order to foster collaboration among early childhood programs, it is important to maximize existing resources and test new approaches in delivering services.

Robert Frawley and Louise Stoney, also of the New York State Council on children and Families, take Chapter XX a step farther using the PICECP's Seaminess Funding and Parental Access Subcommittee as a case study. They describe the state's efforts to create a seamless system of child care funding, which is characterized by: funds for child care which follow children to any or all of their providers; consistency in rules, regulations, and procedures; an administrative structure which supports continuity; and a flexible fiscal management structure. Frawley and Stoney argue that federal and state rules and regulations, although often in conflict, often grant states considerable flexibility in the management of funding streams. State administrators do not need to resign themselves to fragmented systems.

Frawley and Stoney illustrate the inconsistency in federal regulations of states' funding streams for early childhood programs and highlight the potential for flexibility. They then describe the work of the Seamless Funding and Parental Access Subcommittee and its success in creating a seamless system. It identified the specific changes necessary by working closely with the state's Department of Social Services, and developed a seamless funding plan. Frawley and Stoney conclude with a discussion of potential state and federal reforms, including centralization at the state level and state and federal regulatory change that introduces consistency into early childhood programs.

Improving early childhood programs requires more than systemic reform. State and federal early childhood programs affect not only children, but their parents. A "two-generation" perspective enables administrators and program designers to provide quality care for children and at the same time help parents become self-sufficient and better primary educators of their children. Jean Layzer and Robert St. Pierre, of Abt Associates, argue that states must incorporate a two-generation perspective in order to make subsidized early childhood programs more effective. In their chapter, they describe several states' programs with a two-generation focus: Kentucky's Parent and Child Education Program; Washington State's Early Childhood Education and Assistance Program; and Minnesota's Early Childhood Family Education Program. They also discuss the program characteristics of the Even Start Family Literacy Program and Head Start Family Service Centers.

Layzer and St. Pierre offer an analysis of the issues in designing and implementing two-generation programs, based on the model programs listed above. Two-generation programs need a case management style which links family members to services. Program administrators must assess and take into consideration the changing needs of parents while at the same time ensure the delivery of high quality infant and toddler care and center-based care. Parents should be educated, not only in general skills in classroom settings, but in parenting skills in the home. Unique services, such as transportation, health care assistance, and meals, may also need to be provided to parents. Two generation programs must have appropriate definitions of need so as to include as many family members as necessary in a program's target population. The timing of a two-generation program intervention is also important, with model programs often beginning one or two years before a child enters school.Layzer and St. Pierre conclude that the success of any two-generation program lies in getting parents to take full advantage of services offered.

Wade Horn addresses the need for a two-generation focus in two of the most prominent social programs: Head Start and JOBS. Head Start, designed for disadvantaged preschool children, also addresses the needs of Head Start parents by developing their parenting skills. The JOBS program, designed to help low-income parents achieve self-sufficiency, also includes a child care component. Horn reports that coordination between the two programs has become more and more difficult with the expansion of Head Start and the onset of welfare reform. There have been efforts to coordinate the programs, evidenced by the placement in 1991 of the two programs in the same operating division in the Department of Health and Human Services, and the subsequent interagency "memorandums of understanding" that outline methods for program collaboration. Horn argues, however, that ideological, procedural, and administrative barriers remain.

Some programs have been able to coordinate Head Start and JOBS. Horn describes programs in Philadelphia, Eerie County, New York, and Massachusetts. He concludes that in order to make coordination work, it is important to ensure that there is enough time to: plan the coordination effort; allow JOBS and Head Start

Administrators to learn about each others' programs; generate a common vision about what the programs will do for children and their families; develop a strategy to get parents to work; and procure federal "seed" money for collaboration efforts; ensure synchronization of program regulations. Horn also recommends that JOBS participants be given preference in Head Start. In short, the programs must both be transformed into truly two-generation programs.

Senator COATS. Dr. Tobin.

Mr. TOBIN. Thank you, Senator Coats. It is a pleasure to be with you this morning.

I represent two organizations, the Child Care Institute of America and the Early Childhood Development Center Coalition, which combined basically represent most of the center-based, private and religious care in the country.

I think one good thing to keep in mind at the beginning is the generally accepted division of center-based care into certain percentages. Fifty-five percent of center-based care is private, licensed, so-called for profit; 30 percent is religious or religiously affiliated; and 15 percent is other nonprofit.

When the new Child Care and Development Block Grant burst upon the scene at the end of 1970, there was much expectation and anticipation. For the first time, parent choice was to be the guiding principle of a social welfare educational program.

The staff of the then reorganized Administration for Children and Families performed admirably in guiding the new block grant through its infant and toddler years. Now that it is moving through its 4-year-old phase, I think it is safe to assign it a grade of B-minus—that is the Child Care and Development Block Grant—in terms of its development and achievement.

Potentially, the parent certificate or voucher program it inaugurated was one of the greatest means of parent empowerment that this country has seen and that the Federal Government has allowed.

Because my prepared statement I trust will be entered into the record, I would like to center my brief remarks around four categories or statements. No. 1, what good is it if you have vouchers, but people do not know about them, or know how they can be used? Two, the battle for the 4-year-olds and 3-year-olds, or public school prekindergarten programs. Three, Head Start wrap-around and collaboration projects; the battle between the haves and the have-nots. And finally, quality is in the definition of the viewer.

What good is it if you have vouchers, but people do not know about them or know how they can be used? First, it is good to remember that when the program was enacted, parent certificates or vouchers or assistance to parents were as contracts or assistance to the provider. Not only was the preponderance, the maximum amount of the 75 percent segment of the funds, to be used for child care services and the least possible amount for administration and quality improvement activities, according to the conference report of the block grant, but the final rules specified the amount to be 90 percent for child care services under the 75 percent segment of child care.

The final rules preamble said, "While a grantee may use block grant funds to support both grants, contracts and certificates, we believe that the offer of a certificate alone meets the intent of the

Act, since certificates can be used with any provider, including one who also offers contracted slots."

We therefore believe that Congress did not intend to require grantees to provide contracted care. Such care can be offered as an option.

I had the opportunity to read over this year's State application for the block grant as well as most of the State plans, and I have done that for the last few years. I would like to submit for the record if I may a summary of the fiscal year 1995 State application funding categories for the block grant.

The findings are basically this, and they are rather gratifying. Thirty-one States—that is, an increase of four over last year—will exclusively issue vouchers, parent certificates, four States predominantly will do so, and two States will approximate, more or less, a balance between the two. There are ten States about which there is a complete doubt, because they give only generic information about the 75 percent segment of the funds, basically saying "child care services" or "child care slots." But there are three States in which there is a disproportion and, I believe, a distortion between the proposed and accepted funding levels. Ohio has declared and it has been accepted that they will spend $18.7 million of their block grant funds this year on contracts and only $2.9 million on parent certificates. Illinois, continuing a pattern of the past few years, will only spend $8.4 million for vouchers, but $12.7 for contracts. And Maine, in a smaller fashion, has a distortion.

How can this be justified? Moreover, there is no reason explicitly to exclude vouches from the 25 percent block of funds. In fact, it is doubtful that the preamble of the final rule permitted religious programs to receive grants or contracts to make minor modifications or meet standards.

The main problem is the lack of flow-down information to parents about the availability of vouchers, their right to vouchers, and the range of eligible providers. The annual reporting forms that the ACF uses concerning the Child Care and Development Block Grant program do not require a differentiation between types of care, between private license, religious and nonprofit. There is no other way except an onsite investigation, a review of the actual distribution by those administering the program on the State or regional level, to decide whether parents actually are being able to use vouchers with the programs that they want to.

Investigations have been undertaken by State and regional, private and religious provider organizations, and in Florida, North Carolina and Virginia in particular during 1994, studies have shown that only a handful at most of parents were able to use voucher with religious centers. This is more, we believe, than a statistical aberration, and several States have filed complaints, and I would like to enter if I may, Senator, the complaint from the Proprietary Child Care Association of Virginia to the ACF regarding this very issue about the extent of distribution of the vouchers.

What it basically comes down to, if I may summarize, is this. You may have vouchers, but they may not be reaching, because of the information control, the very breadth or range of options that are available. And that is remediable, I believe, by making sure that

a strong component of consumer/parent information is built into the program.

The battle for the 4- and 3-year-olds, or public school pre-K programs basically is summed up in two books—"First Steps, Promising Futures," issued in December by the Children's Defense Fund, which shows that 32 States have invested back a few years ago, when they did the research, $667 million in pre-kindergarten programs. The book that balances against it is entitled, "Early Childhood Programs and the Public Schools," published in 1989, "Between Promise and Practice," which evaluated the effectiveness of pre-K in the public schools and effectively gave it a failing mark.

I do not have time to go into that at much length, but the information is there.

The third brief thing is Head Start wrap-around and collaboration projects—the battle between the haves and have-nots. Since there was no mandatory parent voucher program under the Child Care and Development Block Grant until October 1, 1992, a new phenomenon arose: Head Start wrap-around. This was soon joined by Head Start collaboration projects.

Now, in this current year, Virginia in their State plan for the block grant proposes to spend 25 percent of its funds, $4.2 million, in enhancing and developing Head Start, a transfer of funds over to another program with a different audience and perhaps a different purpose. Apart from the problematical area of short- and long-term effects of Head Start, which Dr. Besharov is much better able to address than I, these two programs have two different destinies or eligible parent groups.

The proposed fiscal year 1996 funding for the Head Start program in the administration I believe is $3.9 billion, and it will reach approximately a million children. My point is if Head Start is not included in the comprehensive block grant program, please fence it off, and let it not be enhanced by these precious resources that are going toward the working poor, who are the have-nots and who are on the waiting lists. There is no doubt about it; there is a dearth of resources. Perhaps more creative use of them could be made, and one could do some facile arithmetic, saying why don't we put all programs, including Head Start, $11.5 billion, into it, and let us come up with a figure slightly different than Doug—$3,000 a year for full-day, year-around child care—and you come up with 3.6 million children being able to be served. Facile, creative. But what has not been included—and bear this in mind, because this was clearly done—there was an increase twice in the last 3 years in the earned income tax credit of $36 billion. That is an increase over what it was supposed to be. Those funds can be used, as we know, for child care purposes. We have no idea how much of them are being used, in what way they changed the gap between 25 percent or so of the income of a low working class person with someone in the middle class who is only spending 10 percent. There are averages happening out there that we have no idea whether people are even getting EITCs.

And finally, quality is in the definition of the viewer. I think I must have heard the word "quality" used 100 times during the presentations this morning. I would agree with the definition which I believe was in the study that appeared with a great deal of pub-

licity a week ago Monday, and I would contend that the way to define child care is those factors which best contribute to the positive development of children.

Reliable empirical studies have shown that preeminent among these factors are the overall program, its philosophy, objectives and implementation, and the preparedness of the teacher—that is, the capability to assess where each child is on his or her developmental scale and the ability to design programs of discovery to enhance his or her progress.

Thus, if quality in child care is to be addressed best, I recommend that you assign a preference or a priority in the block grant for a competitive—not just one set of programs—a competitive set of program accreditation, which are springing up in a valid way through the country, and a variety of competency-based teacher training/credentialing programs.

I thank you very much.

Senator COATS. Thank you, Dr. Tobin.

[The prepared statement of Mr. Tobin follows:]

PREPARED STATEMENT OF DR. WILLIAM J. TOBIN

Senator Coats and distinguished members of the subcommittee: This testimony is being offered on behalf of the Child Care Institute of America and the Early Childhood Development Center Coalition which combined represent most of the private, licensed and religious early childhood development centers in our country,

As you begin your efforts to craft a Block Grant to encompass the myriad of federal child care-related programs, I would like to offer you several brief observations based on closely following these issues for the past 7 years, and with a particular emphasis on the Child Care and Development Block Grant (CCDBG).

1) In order to achieve a comprehensive, competitive and smoothly functioning early childhood development policy, five basic principles should be maintained in balance: a) The right of eligible parents to make a fully informed choice about the provider for their child; b) The right of the child to equal protection in the areas of basic safety and health; c) The right of States and localities to make applied decisions about programs for which they are responsible (under the well-acknowledged "principle of subsidiarity"); d) The right of providers of all categories and types to compete fairly to provide child care services to needy families; and e) The right of the public to an accountable use of the funds they have paid through taxes.

2) Please keep in mind that it is generally accepted that center-based child care/ early childhood development is broken out in the following way:

—Private (For-Profit) 55 percent
—Religiously Affiliated 30 percent
— Other Non-Profit 15 percent

Almost all center-based care is licensed, regulated and monitored, with the exception of 14 states where religious centers are permitted to be fully or partially exempt from licensing. In reality, this means that these centers still must comply with fire and health codes, but are not subject to set visitations/ monitoring. (On the other hand, no one is sure about the number of family child care homes, except for the fact that at least 70 percent of them are unlicensed and unregulated. Pre-X programs in public schools, and Summertime Park and Recreation programs also do not fall under state child care licensing).

The key issue is how to ensure that both religious and private centers remain viable options for parents who are eligible for subsidized care. Because of constitutional concerns, the only current ways for religious centers (30 percent of the total) to provide publicly subsidized child care services are through vouchers or direct parent payments offset by tax credits. To my knowledge, no thorough, empirical study has been done to date on parent child care vouchers; no similar study has been done about the use of Earned Income Tax Credits as they may impact on child care expenditures (despite the authorized increase in funding for these over an eight-year period [1991–99] of $36 BILLION).

3) Parent Certificates/Vouchers under the Child Care and Development Block Grant (CCDBG) have proven in most States to be a real means of parent choice and empowerment. HOWEVER, key to this approach is adequate and clear consumer in-

formation, i.e., parents need to be informed about their right to choose the child care arrangement of their preference and their right to a voucher.

Recently, I completed a summary and analysis of the proposed expenditures contained in all the State Applications for the current Fiscal Year which I would like to submit for inclusion in the Record for this hearing. (I also did a similar summary and analysis of the two previous Fiscal Years, and have reviewed all the State Plans for the CCDBG submitted in 1991 and again in June of 1994).

While it is commendable that the number of States which will only or predominantly use parent vouchers/certificates has been growing steadily, reaching a high of 35 States during FY '95, there are serious doubts about the program mix in 10 States. Investigations conducted on-site in 3 of these States during 1994 (Florida, North Carolina and Virginia) confirmed that these doubts have been well-founded, and organizations representing religious and private center-based providers in North Carolina and Virginia have filed formal complaints with the Administration for Children and Families (ACF) invoking the "Effects Test" contained in the implementing regulations. Among the many issues raised, they have contended that the fact that only a handful of families have used parent vouchers with religious centers represents more than a statistical aberration. In truth, even if a State issues parent vouchers/certificates, when a substantial number of parents or providers are inhibited from participating in the Block Grant's parent choice program due to State or local policies, regulations or decisions, the letter of the law is not met and sanctions may be in order.

In addition, there are 3 States, amazingly, which propose decisively to favor contracts over vouchers during the coming Fiscal Year: Ohio proposes to spend $18.7 Million for contracts, but merely $2.9 Million for parent vouchers; Illinois, continuing the trend of previous years, proposes to expend $12.7 Million for contracts and only $8.4 Million for parent vouchers; and Maine intends to spend $1.6 Million for contracts and $840 Thousand for parent vouchers. It is a matter of serious concern if the ACF and its Regional Offices approved these proportions which so clearly violate the language in the Final Rule calling from an almost exclusive preference for parent vouchers.

4) The CCDBG was a last minute, inelegant compromise in 1990. In order to preserve a diversity of committee jurisdiction and oversight, several elements were joined together, and percentages set. For example, since most of the 75 percent block and 25 percent block of CCDBG funds deal with direct services, there was no reason why vouchers were excluded for services under the 25 percent block.

5) It is highly desirable, both logically and administratively (under the concept of "seamless service ") that all Federal child care programs—the CCDBG, Title IV AFDC and Transitional Child Care, and the Title IV-A "At-Risk", be operated under the same parent choice, voucher principle and system with the preponderance of funding directed towards child care services, and a minimum for administrative activities. Funds for expansion or minor physical renovations should be available to all providers on a low interest loan basis. Activities directed toward improving positive developmental outcomes in children (quality improvement), i.e., program accreditation and teacher training/credentialing, can best be assisted by a combination of competitive market forces and subsidy incentives.

6) Because the CCDBG did not require a voucher system until October 1, 1992 advocates of the old "contract/assignment" approach seized the opportunity and "overtook" this new funding stream in a number of ways: by starting a new approach called "Head Start Wrap-Around" which effectively took Block Grant funds and made Head Start into a full-day, year-round program, thereby using up funds destined for working-poor parents earning no more than 75 percent of the State Median Income;

—by putting all Federal child care dollars into one pot and then using up all funds for AFDC child care families, e.g. in FL; and

—by literally handing over a substantial portion of the 25 percent block of Block Grant funds to the Public Schools, e.g. in LA.

This latter situation is perhaps the most dangerous for a large Block Grant approach. Unless some caveats are provided, the Public School establishment is prepared and able to take over a large part of the funding to expand into an area where they have not been before. This would would not be licensed and regulated like center-based care, and it is clear that the overall educational rules that schools operate under do not cover many of the areas of concern for very young children.

Kentucky, Louisiana, Hawaii, and North Carolina already have laws promoting Pre-K in the Public Schools. Moreover, there are strong psychological and pedagogical reasons why the more formalized atmosphere and approaches of schools may actually be harmful to very young children. Moreover, this "sponsored" removal of 3 and 4 year olds from the religious and private center care community economically

could easily result in an undesirable reduction in the availability of services for infants and toddlers.

7) As Douglas Besharov (AEI) and others have argued, Head Start has not achieved many of the outcomes that its ardent supporters have voiced. In reality, it would make more sense to consider restructuring it, thus freeing up precious funds for more families and children to be served, e.g., the average $8,000 per child spent on a half-day, school-year program could fund two children for a full-day, year-round center-based program.

8) On May 11, 1994, the ACF proposed changes in the Final Rule implementing the CCDBG. It has been reported that the ACF is still reviewing the new regulations. Two new provisions in particular were unwarranted and potentially harmful: a) the elimination of the "Effects Test" whereby after-the-fact complaints could be raised if the effect of State rules, or procedures would have impeded a substantial number of eligible families from exercising choice through a voucher, or a substantial category or type of child care was precluded from participating in the program; b) allowing the existing 10 percent ceiling for differential rate payments for child care programs to be eliminated if the programs demonstrated "higher quality" by being accredited by a nationally recognized entity. (In reality until recently, the only national accreditation program was that conducted by the NAEYC Academy of Early Childhood Programs. However, there have been developed several alternative accreditation programs and a healthy competition between these should be promoted). However, if certain "accredited" centers or programs could receive higher rates for child care services, this would diminish available resources for other needy, eligible parents. The pursuit of excellence and superior service by child care centers is desirable; but this should be driven by marketing or promotion reasons, and not manipulated through the Federal subsidy program.

In addition, since one of the primary indicators for positive outcomes in children is the preparedness of teachers, States should be encouraged strongly to promote and subsidize a variety of professional early childhood teacher training and updating programs leading to a professional credential that exceeds the woefully inadequate Child Development Associate (CDA) which originally was intended as an entry-level certificate for Head Start teachers, workers and parents. The categorical federal subsidy program for the CDA (which actually "scholarships?" teachers by paying the processing costs [approximately $350] for the CDA credential at the NAEYC-related Council for Early Childhood Education) should be eliminated.

9) Eligibility criteria for the Child Care Food Program (CCFP) should be changed to make more children from low-income families able to participate. Under the old regulations (which antedated many of the newer Federal funding streams for subsidized care), children in private, for-profit centers could only participate if the center was servicing 25 percent or more of children funded under the Title XX Social Services Block Grant. With the advent of new programs and funding streams, children who formerly might have been funded by Title XX are now funded under another program and thus, the centers cannot meet the 25 percent threshold. There is no such requirement for family day care homes (and in fact, reputable studies have shown that these homes would not meet the same requirement if they were held to it, while at the same time, "sponsors" of the family day care home CCFP programs have made enormous profits by their record-keeping,administrative efforts). Pilot studies completed in KY and IA have shown the benefits which will result from the full participation of private centers in the program.

10) The emergence of a nationwide Child Care Resource and Referral (CCR&R) network is a mixed blessing. Many of these well-funded local and regional agencies have gone far beyond their principal purpose of providing unbiased information to inquiring parents. In several States they have become lobbying forces, advocating certain policies for child care which are adverse to child care programs whose taxes are being used to limit their business opportunities. In many States, they have received contracts to run the regional or local Block Grant program, consisting of all phases—eligibility determination of parents, compilation of approved child care program lists (which may not include, for example, religious programs because they are exempt from licensing under State law), oversight and payment of providers, etc. Careful consideration should be given to whether certain accountability checks and balances for CCR&Rs should be encompassed under a new comprehensive Federal Block Grant for child care programs.

In summary, then, what is needed under the proposed new Block Grant are a clear preference for funds to be used for direct child care services, the extension of the current CCDBG parent choice through vouchers principle to all federally subsidized care, the inclusion of an "Effects Test" to ensure the proper and fair implementation of the parent choice provisions, safeguards against Public School and

Head Start domination of funding resources, and a strong preference for a variety of program accreditation and teacher training/credentialing systems.

Thank you for the opportunity to share these observations with you. We stand ready to work with you in developing a program that best meets the needs of welfare level and working poor families for the years to come.

Senator COATS. Mr. Besharov, I want to be sensitive to your time constraints. How are you doing?

Mr. BESHAROV. Good.

Senator COATS. All right. Susan, please proceed.

Ms. MUENCHOW. Good morning, Senator Coats and Senator Dodd. My name is Susan Muenchow, and I am executive director of the Florida Children's Forum, which serves as the hub of Florida's child care resource and referral network.

What I have been struck by in my years of working with families and as a parent myself is that child care helps America work, and it is very effective. In my State of Florida last year, 24,000 families were able to enter work and training programs as a result of child care assistance. Twenty thousand children actually got off of welfare as a result of subsidized child care last year in Florida.

Equally important, another 18,000 low-income working families never went on welfare in the first place because they had child care assistance.

The problem is that we need more child care resources and not less. In Florida, we turned away 5,300 families last year who wanted to get off welfare, because there was insufficient child care. And when say insufficient child care, I do not mean that there was not a center available. I mean there was not money to purchase any kind of subsidized child care, whether it was from relatives, or from family child care homes such as Mary Moran operates, or from centers, or any type of arrangement. Those families simply could not enter any kind of training.

In addition, our State estimates that we are going to have to double our child care budget, which is now $184 million, if we have welfare reform that requires parents to get off welfare within 2 years. We are certainly not assuming that every family would need this; only about one-tenth of the families would actually use formal child care arrangements.

We are having great difficulty serving the working poor as well. We have a waiting list of over 23,000 children, and the waiting list is not a safe place to be. A few years ago, a little boy named Fidencio did not have any child care in the summer. His mother, who worked in a tomato-sorting plant in Dade City, had to take him to work with her. While she was concentrating on her work, the little boy's arm got caught in a conveyor belt; it was ripped out of its socket, and he lost his arm. The community raised $15,000 to buy this little boy a prosthetic arm. Shriner's Hospital did the surgery to help this little boy, because they cared. It would only have cost $1,000 to purchase the child care that this little boy needed that summer.

So that sometimes, when we are trying to save money, we can end up spending more money.

There are 23,000 children, as I said, like Fidencio on the waiting lists in Florida, and their families have to worry every day about whether they are going to find a neighbor or a friend or someone who will watch the child. At worst, this is unsafe for the children,

and even at best, it forces the parents to have uneven work schedules, not to get to work every day.

Sometimes, the lack of child care actually forces people who have already gotten off welfare to get back on. A woman named Tabitha received some welfare and child care assistance a few years ago. She is now working, doing temporary office work. She earns about $5.75 an hour, and she is having a hard time purchasing any kind of child care. Her sister was taking care of her daughter, and now her sister has gotten a job, so she is not available to take care of that little girl anymore. And Tabitha is saying, "I am trying desperately not to go back on welfare, but I am really not sure what is going to happen."

So that as we struggle with all of these families who do need child care, what is the role of consolidation? We strongly support consolidation of some child care funding streams. In fact, in Florida, we already have the major funding streams under one State office, and they are in turn consolidated at the local level. One private agency per community administers these funds, and it is very effective.

But nevertheless, even if we add up all of the money spend on child care in Florida, and we throw in Head Start, and we throw in our State-funded prekindergarten programs, there is only enough dollars for one-half of the children in poverty under age 6.

There is no way that consolidation without increased investment is going to address our waiting lists in Florida. It is kind of like the child's game of musical chairs; the problem is not so much how the child care dollars are arranged, but the fact that there are not enough of them to go around.

Additional resources are also crucial to ensure that more families have quality child care. I think that that issue has been addressed by other witnesses, but I do want to tell you that the Child Care and Development Block Grant has helped us to improve the quality of child care in Florida, and that is saying a lot, because Florida has not been thought of as a State that excelled at that. But as a result of the Child Care and Development Block Grant, we have been able to improve our infant ratios so that one caregiver in a center takes care of four babies instead of six, in order to give those children more attention; we have improved our training of child care workers, and it has been very successful.

Finally, the Child Care and Development Block Grant has helped us to establish a resource and referral network, and that has been essential to the kinds of public/private partnerships, Senator Coats, that I think you are interested in. We have recruited employers to help families afford child care. We have recruited private scholarships, over 1,000 of them, to help families afford child care. But we could not have done it without the Child Care and Development Block Grant.

In closing, I would just like to say that child care does help America work and that quality child care helps children be the next generation of competent people in the work force.

Thank you.

[The prepared statement of Ms. Muenchow follows:]

PREPARED STATEMENT OF SUSAN MUENCHOW

Good morning Senator Coats, Senator Dodd, and members of the subcommittee. Thank you for the opportunity to testify. My name is Susan Muenchow, and I am executive director of the Florida Children's Forum. The Forum is a 20-year-old private, non-profit organization dedicated to helping families find affordable, quality child care. We serve as the hub of Florida's Child Care Resource and Referral Network. Our 25 local agencies help families find child care for over 100,000 families a year. They also provide child care assistance, on a sliding fee scale, to nearly 60,000 children from very low-income families.

I see first-hand on a daily basis what it is very easy to forget: Some people need help in order to work, and one of the most effective forms of assistance is child care. Child care helps America work. Last year in Florida alone, over 24,000 families were able to obtain employment or training that will lead to employment as a result of child care assistance. Over 20,000 children (and 11,800 families) in our state left the welfare rolls because of the availability of Subsidized Child Care in 1993–94. These families became taxpayers, instead of tax receivers.

One of the success stories is Barbara, a Pensacola mother of one child.

Barbara is a single parent who used to be on welfare, and she says that she could not have escaped the system completely without child care assistance. Because of the help she received with child care, Barbara was able to work, earn her bachelor's degree in accounting, and she will be taking her CPA exam in May. Barbara says that she is "happy that will one day soon be able to provide for my daughter by myself without anyone's help."

CHILD CARE HELPS FAMILIES WORK

Equally important, as a result of child care assistance, at least 18,000 children from low-income families in Florida never went on welfare in the first place. As a result of child care financed in part by the federal Child Care and Development Block Grant, these families were able to be largely self-supporting. They even paid for part of the child care themselves.

Sally works for a dry cleaner. She has one preschool child and a total family income of $11,000 per year. Without child care assistance, she would have to pay one-third of her income for child care. There would be very little left for rent, transportation and other necessities. With child care assistance on a sliding scale fee, she pays $17 a week, or about eight percent of her gross income on child care. That is about the same percentage as middle-income families pay for the same service.

The Child Care and Development Block Grant helps people like Sally keep working. These people have jobs, but they couldn't continue to work without some help paying for child care. For them, child care assistance is clearly a hand up, not a hand out.

The Child Care and Development Block Grant has helped Joe, father of three, not only stay in the workforce but also keep his family together.

Joe's wife underwent a routine operation in September 1992 that went terribly wrong, and left her in a comatose state. She is now fully cared for in a local nursing home. Joe has three sons, ages five, seven and 14, And the family was struggling financially even before this tragedy occurred. With assistance in paying for after-school care for his sons, Joe has been able to keep his job as a school custodian. His wife's prognosis is uncertain, but at least he is able to give his sons a good home.

The Child Care and Development Block Grant has been terribly important because it concentrated the bulk of its resources on assisting the working poor. The block grant recognized that it was essential to provide help to struggling low-income families to prevent them from turning to welfare. Without these funds, most states, including Florida, would have no child care dollar's left to assist the working poor.

CURRENT INVESTMENT IN CHILD CARE INADEQUATE

The basic problem is that we need more resources for child care, not less. Last year, 5,300 families, or one half of the families referred to Project Independence, Florida's welfare reform program, could not obtain or participate in training that would lead to employment because of insufficient funds for child care. Since the passage of the federal Family Support Act in 1988, the number of children receiving child care because their parents are trying to get off welfare has increased sixfold. If all families are required to get off welfare after two years, our state estimates that we would need to double our $184 million child care budget.

With a greater emphasis on welfare reform than ever, and without an increased federal investment in child care, it is difficult to see how there will be any child

care assistance left for low-income working families. Without greater investment and some assurance that a portion of the funds be reserved for the working poor, states will be under enormous pressure to target all of the child care funds at families trying to get off welfare. And that would be too bad, because child care assistance should be structured to reward low-income parents who work, not be limited to those on welfare low-income families should riot have to go on AFDC in order to receive help in paying for child care.

States are already overwhelmed by the number of people transitioning off welfare who need child care assistance, and they are having great difficulty meeting the child care needs of the working poor. Florida is one of the 35 states with a waiting list for child care, and the waiting list is not a safe place to be. Families who follow the work ethic often wind up with some painful choices—quit working, or leave their children in unsafe situations.

A few years ago, Fidencio, age five, had to accompany his mother to work during the summer because she could not afford child care. The mother worked in a Dade City tomato-sorting factory. While in the factory, Fidencio's arm was caught in a conveyor belt, which ripped the limb from its socket, too mangled to be saved. The community raised over $15,000 to help the boy, and Shriner's Hospital for Crippled Children provided a prosthetic arm. Less than a thousand dollars would have bought Fidencio a whole summer of child care.

There are 23,000 children on Florida's waiting list for child care. These families are struggling to stay off welfare. Every day they have to wonder whether a friend or neighbor will be willing to watch their children. At best, these arrangements are so unstable that they jeopardize the parents' attendance at work. At worst, the arrangements jeopardize the children's health and safety.

Many of the families on the waiting list wonder why no help is available to help people who are doing their best to help themselves.

One of the children on the list is Sonja Hankerson's four-year old son. Hankerson, 25, of Plantation, FL, has been waiting two years for some partial assistance in paying for the care. She makes $7 an hour in a doctor's office. After paying $950 a month for rent, groceries, transportation, and utilities, she can barely afford to pay for child care. "I'm told the welfare mothers must be taken care of first and I get nothing," says Hankerson. "It makes you feel like, what's the point of working?"

Or consider the children of Debra Abner-Jones and her husband who live in rural Calhoun County.

Jobs are hard to find there, but Debra works 35 hours a week at LandMark Health Facility. Her husband works 30 hours a week at the local Piggly Wiggly as a stocker-bagger. Although the family has two salaries coming in, their income remains near the poverty level. Their two children have been on the waiting list for Subsidized Child Care but have not been able to get assistance. Meanwhile, the children are shuffled between neighbors and relatives in the neighborhood. The parents worry about the influence this will have on their children.

LACK OF CHILD CARE ASSISTANCE FORCES FAMILIES BACK ON WELFARE

Sometimes the lack of child care funds creates a revolving door effect, where families get off welfare only to be forced back on.

A few years ago Tabitha Brown received welfare and child care assistance for her daughter. Now, the Boca Raton mother is working as a secretary for an agency that provides temporary office help. She makes about $5.75 an hour, not enough to pay the minimum weekly day care rate of $70 to $80. Brown's three-year-old daughter has been in the care of her sister for the past few months. But now the sister has a new job and can no longer baby-sit. On the waiting list for Subsidized Child Care, Brown says, "I'm trying desperately not to go back on welfare. But don't know what's going to happen."

PRINCIPLES FOR CONSOLIDATION

I understand that there is great interest in Congress in consolidation of child care funds. Consolidation of some child care funding streams makes sense. In fact, in Florida, we already have taken steps to make the child care system more efficient by consolidating all of the federal funding streams for child care, except Head Start, under one office at the state level. The funds are then contracted with 25 local community coordinated child care agencies, including 21 private non-profit agencies, two school boards, one county and one city government. These local agencies then administer all of the child care funds. Families do not have to change child care arrangements when their eligibility for care changes.

Nevertheless, when we add up all of the various child care funding streams and even include Head Start and a state-funded Prekindergarten program as well—

there is only enough money to serve slightly over half of the children under six in our state in poverty (see attached chart).

Thus, consolidation alone will not solve the basic problem in child care, which is insufficient resources. There is no way that consolidation will work without increased investment to ensure that both families moving off welfare and those struggling never to go on have access to decent child care. We must not pretend that rearranging the child care funds, putting them all in one grant, will solve the problems of the thousands of families waiting for child care. As in the child's game of musical chairs, the problem is not just how the child care dollars are arranged, but the fact that there are not enough of them to go around. Consolidation is not a substitute for increased investment in child care.

MORE EMPHASIS ON QUALITY

Additional resources are crucial to ensure that more families have access to child care, and also to ensure that children receive decent child care. One feature of the Child Care and Development Block Grant (CCDBG) that must be maintained in order to ensure that families have a choice of child care relates to payment rates. Families must be able to pay the same rate for care as does the average family. Before the passage of the CCDBG, Florida was one of many states which paid very low rates for subsidized child care. As a result, many child care providers who operate on a shoestring budget were willing to accept poor children because they were unable to get reimbursed for the cost. Being able to pay closer to the market rate for child care has expanded the number of providers willing to enroll these children.

The funds reserved for quality in the Child Care and Development Block Grant have also been vital in helping Florida improve the kind of child care children receive. As indicated in the recent study, Cost, Quality, and Child Outcomes in Child Care Centers, staff education is one of the keys to how caregivers interact with young children. Florida was the last state in the nation to license child care, but we were the first to require that there be one teacher with a preservice training credential, the Child Development Associate or the equivalent, for every 20 children in care. This requirement raises Florida's child care training standards to those of Head Start. Over 15,000 child care personnel have obtained the training. And it would have never happened without the Child Care and Development Block Grant to help fund training and scholarships.

The funds reserved for quality also helped Florida finance improvements in care for infants, the most vulnerable age group. In 1992, we raised our staff-child ratio for infants from one to six babies to one to four infants. Using Child Care and Development Block Grant funds, Florida has also financed technical assistance to family child care providers on how to improve the safety of their homes for infants and toddlers, and how to help centers provide more attention to babies in a cost-effective manner, such as recruiting family members and volunteers to supplement paid staff.

Finally, the funds reserved for quality have been the key to Florida's establishment of a Child Care Resource and Referral Network. This network provides consumer education to over 100,000 families a year on how to look for quality child care. Local resource and referral agencies recruited 45 employers to help subsidize and/or enhance the quality of child care for their employees, and are working with retired pediatricians to improve the health and safety in child care. The agencies also raised private funds to finance over a thousand scholarships for child care in 1993–94.

Among those helped were Patricia.

Patricia is a legal secretary whose income is too high to qualify for publicly subsidized child care. But last week she called the Resource and Referral Network in desperation. Her husband had refused to pay child support, and it would be at least a month before a court would force him to pay. In the meantime, Patricia was in danger of losing her child care, her job and her house. The resource and referral agency was able to arrange a one-month scholarship financed with private funds, and Patricia kept her job.

Thus, it is absolutely critical that any block grant for child care reserve funds to improve the quality of care and provide consumer education to the millions of families who must rely on child care in order to participate in the workforce.

In addition, it is vital that any consolidation of child care funds retain provisions to ensure that the child care that is bought with public funds is healthy and safe. In many states, the health and safety provisions in the Child Care and Development Block Grant are the only form of protection for children in family child care, the most prevalent form of care for infants and toddlers.

CHILD AND ADULT CARE FOOD PROGRAM ENSURES CHILDREN RECEIVE NUTRITIOUS MEALS

Finally, we are greatly concerned about proposals to dismantle the Child and Adult Care Food Program. Many children receive most of their daily nutrients during the 10 to 12 hours they spend in child care. We must ensure that children continue to receive the nutritious meals they need to develop during these key early learning years. In Florida alone, some 63,000 children receive these meals in child care or Head Start. The Child and Adult Care Food Program has been particularly important to children in family child care settings. In our state, over 2,000 family child care providers, many of whom are low-income women, work long hours and have little contact with other adults. The Child and Adult Care Food Program has been a vital link between family child care and outside help. The Food Program motivates providers to become registered or licensed, which in turns ensures that they get some basic training and leave the underground economy to pay their share of taxes. The Food Program also ensures that, through an umbrella sponsor, each home receives a few site visits per year. Many of these homes serve as many as 10 to 12 children, and these visits represent the only form of outside support they receive.

INCREASED INVESTMENTS IN CHILD CARE ESSENTIAL

In closing, child care helps America work. Without greater investments in child care, welfare reform cannot be successful. Child care is essential to help families on welfare enter and stay in the workforce. It is equally important to ensure that millions of other low-income families are able to work and do not turn to welfare as their only way to obtain child care assistance. Good quality child care and nutrition are also vital to helping poor children enter school ready to learn. Investments in child care are the key to ensuring a stable workforce both today and in the years to come.

Economically Disadvantaged Children Served by Publicly Funded Early Care & Education Programs By District

District & County	# of Children Under 6 Below Poverty*	# Children Under 6 Enrolled in Subsidized Care Oct. 94**	# Children Enrolled in Pre-K Early Intervention 94-95◆	# Children Enrolled in Head Start 94-95◆◆	Total	% of Children Served
District 1						
Escambia Santa Rosa Okaloosa Walton						
TOTALS	9,172	2,203	1,082	1,344	4,629	50%
District 2						
Bay, Calhoun, Gulf, Holmes, Jackson,Franklin, Washington, Gadsden, Jefferson, Leon, Liberty,Madison, Taylor, Wakulla						
TOTALS	9,234	2,858	1,466	1,415	5,739	62%
District 3						
Columbia, Hamilton, Lafayette, Suwannee,Union Alachua, Bradford, Dixie, Gilchrist, Levy, Putnam						
TOTALS	8,223	2,368	1,277	1,274	4,919	59%
District 4						
Baker, Clay Duval, Nassau, St. Johns						
TOTALS	13,299	3,826	1,774	2,491	8,091	60%
District 5						
Pasco Pinellas						
TOTALS	10,375	2,143	1,561	1,883	5,587	53%
District 6						
Hillsborough Manatee						
TOTALS	15,535	4,042	1,546	2,866	8,454	54%
District 7						
Orange, Osceola Seminole, Brevard						
TOTALS	14,750	4,660	2,319	2,412	9,391	64%

District & County	# of Children Under 6 Below Poverty*	# Children Under 6 Enrolled in Subsidized Care Oct. 94**	# Children Enrolled in Pre-K Early Intervention 94-95•	# Children Enrolled in Head Start 94-95••	Total	% of Children Served
District 8						
Sarasota, Charlotte,DeSoto Collier, Glades Hendry, Lee						
TOTALS	8,530	1,873	1,612	1,428	4,913	57%
District 9	8,772	2,037	1204	1,394	4,635	53%
Palm Beach						
District 10	11,923	2,428	1780	1,750	5,958	50%
Broward						
District 11						
Monroe Dade	34,331	4,025	4,444	5,230	13,699	40%
TOTALS						
District 12						
Flagler Volusia	4,042	912	632	632	2,176	53%
TOTALS						
District 13						
Citrus, Hernando Lake; Marion, Sumter	7,730	1,520	1,166	1,119	3,805	49%
TOTALS						
District 14						
Hardee Highland Polk	7,784	2,428	1,048	1,035	4,511	58%
TOTALS						
District 15						
Indian River Martin Okeechobee St. Lucie	4,373	970	742	905	2,617	59%
TOTALS	4,373	970	742	905	2,617	59%
FLORIDA TOTALS	168,073	38,293	23,653	27,178	89,124	53%

Sources: * Office of the Governor of the State of Florida
** Florida Department of Health and Rehabilitative Services
• Florida Department of Education, Office of Early Intervention & School Readiness
•• Head Start Regional Office, Atlanta, Georgia

This chart attempts to illustrate the percentage of Early Care and Education Programs in Florida. The percentage may be over estimated because the real need for financial assistance extends far above the poverty level. While some programs, such as Head Start, limit eligibility to the poverty level, Subsidized Child Care eligibility extends to 150% of the Federal poverty level which is $22,200 for a family of four.

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Remember the children

IN BUDGET PRIORITIES
Congress shouldn't let day care get lost as it restructures spending.

If welfare moms go to work, who will watch their children? With day care now costing an average of $3,375 a year, how will the working poor continue to work if subsidies are cut? Indeed, how can most parents afford good care? And how can kids get truly *good* care if no one enforces standards or if standards slip?

In Florida, 500,000 children are in day or after-school care. They benefit from state standards and licensing. Only 60,000 of them receive a government subsidy. That fraction represents only half of the young children in poverty.

If Congress's budget cutters are not careful, they will slice away their best opportunity to help the poor stay off welfare *and* to get children truly ready for school. In their rush to shake the tree of change, congressional committees are approving or about to approve drastic changes in federal support for day care. Investing in children, investing in our nation's future, doesn't seem under discussion. What a grave mistake!

On the table are plans that would weaken guarantees of child care for people coming off welfare. Right now, that program competes for funds with subsidies for employed poor people. Without day care, workers then become welfare clients who then become eligible for day care until they get a job. Does it make sense to worsen this competition for day care? Common sense screams *No!*

The cuts also would knife into federal aid that helps all children by funding licensing, referral, training, and sharing of day-care resources. Another proposal would lump food assistance for day-care kids with school-lunch programs into a state block grant — *and* cut the total. If push comes to shove, the schools' greater clout will shove day care aside.

In sum, the cuts would affect both quality and quantity of day care. In this country, that quantity and quality are delicately balanced. Unlike nations that have superb day care for young children, Americans have been content with counting the quantity of day-care "slots." Despite research showing that children develop much of their capacity to learn before age 3, custodial day care is accepted as a norm.

Indeed, a study released last week found that much of day care, particularly for babies and toddlers, offers few developmental opportunities. In Florida, one person may supervise as many as 20 4-year-olds. The national standard, used in federally funded Head Start classes, calls for a one-to-10 ratio.

Florida does have other standards, though, that are both beneficial and threatened by federal cutbacks. So says Susan Muenchow, director of the Florida Children's Forum, a coalition of child care resource and referral networks. In 1990, when the state began paying the market rate rather than a pittance for day care, the quality improved vastly, Ms. Muenchow says.

Florida now insists that child-care workers have at least 30 hours of training. Starting in July, it will require that centers have for every 20 children at least one person with a special credential in child development.

Even so, these requirements and the pay are considerably less than those of teachers for older children. High staff turnover deprives small children of the stability they need for emotional development.

Why is the state program at risk? Because two-thirds of Florida's $185 million in day-care funds comes from Washington. If cuts come, quality likely would be the first target, then quantity.

The resource and referral networks help parents find licensed centers and family day-care homes. The networks also provide resources to these centers and homes. In South Florida, the networks provide training and even visit family care homes with lending "libraries" of educational toys and information. Some centers now have parent-education programs and some PTAs to help parents help their children.

And why is day care a government concern? *Because young parents cannot do it on their own.* Tremendous shifts in the U.S. economy mean that two adults must work to provide a standard of living often below what their fathers could provide a scant 20 years ago.

So both parents work, and someone else cares for their children. If that care is substandard, these children — regardless of family income — are going to be less ready to start school. That creates a host of other problems for society.

Investments in children don't pay off within a politician's term of office. Making such an investment requires statesmanship, foresight, and courage. As Congress restructures its policies and budget, it must not forget the children.

Senator COATS. Thank you, Susan, and thanks to all of you for your testimony.

Mr. Besharov, you have really raised an intriguing question here, and I think if we are going to realistically face the critical question that is before us, we are going to have to look at where we are budget-wise, where we are deficit-wise, where we are going in terms of trying to deal with that, where we are with the welfare program as it currently exists and how it ought to be restructured, and in terms of this issue, how the child car component relates to that welfare reform. That is the essential critical question before us.

You are suggesting that if we use the current model, we cannot get from here to there. The administration has tried it, and they cannot get it. The reason they did not come forward with welfare reform is because it is impossible to make the numbers add up. Susan just said that if we are going to attach that requirement onto welfare reform, Florida is going to have to double the amount of funds available in order to meet the requirements.

So you are suggesting that we have to get outside the current model and look at other models, and if I understand you correctly, you are saying that those models will not be developed in this room, but those models will be developed by States across the Nation as they attempt to restructure the way in which they provide services for people in need.

Is that an accurate summation?

Mr. BESHAROV. Exactly, sir, yes.

Senator COATS. You see the consolidation as essential, at least from the Federal side, to at least free up the funds that can then be block-granted to the State with maximum flexibility and minimum requirements. Should there be any minimum requirements?

Mr. BESHAROV. Do you mean in terms of health and safety, quality?

Senator COATS. Yes.

Mr. BESHAROV. Sitting on a legislature myself, I sometimes recognize the reality to pick a good fight and to avoid a fight that is meaningless. Let me say that we had a time a few years ago when there was an effort to impose much more stringent Federal requirements and quality standards on child care. It started in the 1970's, fell back, and people tried it again in the 1980's, and it fell back.

I think I report accurately to you that there is no strong desire in the child care world or in the advocacy community for higher standards than health and safety from the Federal level. I think I report accurately about that.

The question is do you need even those. I am not sure it is worth fighting about health and safety requirements because the States are all far beyond them. They have not been an imposition, as far as I know, on State administrators. So that is not a fight I would necessarily pick.

I would worry, as Dr. Tobin did, about the flexibility of funds flowing out. I am very worried about the kind of "insider trading" on contracts on so forth, so that parents do not have full choice about how the moneys are spent. And I would also be especially worried about locking the States into specific models of providing child care or connections between child care and welfare reform.

Let me mention just two things. There are 11 jurisdictions that today have legally cashed out certain Federal child care dollars, which is to say they give AFDC recipients a check, and they say you buy your own child care. That is a very interesting development which we ought to watch and perhaps nurture.

The second thing I would say is again, when we look at what States will do in welfare reform, many of them will not do the traditional job training and then public service job. Many States will want to put people directly out into the labor force. For those States, they need the ability to shift AFDC moneys, the cash grant, directly into child care type funding, and that implies a much looser set of rules for both AFDC and child care. IF you do not do it in both programs, the States will be tied up a little bit.

I was surprised when Governor Whitman's people came back and said no, she meant 5 percent. We have Governors who won by 70 percent in their States. They think they can make this trade-off. Now, if you give them more money, they will be very happy. I do not know too many Governors who would say, "No, I do not want the money." But what they are saying is we can do a better job with more autonomy; and if that is the trade-off, we will take it.

Senator COATS. I believe Governor Thompson when he testified said he would take 15 percent less and could do a better job. I am not 100 percent sure of that, though.

Dr. Tobin, what is your response to Mr. Besharov's proposal?

Mr. TOBIN. I find it intriguing, and I think it is very imaginative, and it probably says something that the State administrators and people in localities are probably as smart as the parents on welfare who, if given the chance and being empowered, would come up with some very creative and forthright solutions.

My concern is something that I think we agree on, and it is this issue—and it is a very practical one—of the public schools starting programs. I have almost reached a frenzied point on this, and let me point out why.

There is a very strong—and it may sound self-serving—economic argument against it. Child care centers, religious and private, tend to average their costs, if they have infants, over 4-year-olds down to infants, so that certainly one type of care is much more labor-intensive than the other. If you remove the 4-year-olds and then the 3-year-olds, which they are doing in Kentucky and several other States by State mandate right now, and you are now putting them into the public schools, you thereby are causing the providers to raise their prices. You thereby put the parents at a loss; they cannot afford to pay the prices for infants and toddlers, and so either they go away or the center drops that type of care.

Moreover, there are very strong arguments from child psychologists and child pedagogues that public school atmosphere is not the best place for children to be.

And then, of course, the last is isn't it unfair—there is a big issue that has been hanging over this Congress and I have worked on for years called "unfair competition," and what it comes down to is this. You take somebody's taxpaying dollars, and you use them to put them out of existence. There are creative ways, through loans—why do you have to make grants for expansion? You could make low-interest loans. That is where the SBA and other programs

come in. These are small enterprises and businesses of dedicated, viable people, particularly in centers that are over regulated, and are literally strangling in some places, such as in Florida. I think, Susan, they have four visits a year from the State people, plus local health and safety. I mean, they need a Heimlich maneuver to get out of this so they can attend to their children.

Senator COATS. Would you like to comment on that, Mr. Besharov, and then I will turn to Senator Dodd.

Mr. BESHAROV. Only because Dr. Tobin mentioned my name. I think I largely disagree. When I visit Head Start centers around the country, on my list of short questions is who is your competition, because you see, it really is a competition for kids as well as for dollars. What I hear more and more is, "That damn public school," because the Governors are putting money, and the mayors are putting money in the schools to do pre-K, and they are absorbing more and more of the 4-year-olds who would ordinarily be in Head Start.

Now, you up here in the Federal Congress should be very pleased. They are not using Federal tax dollars to do that. This is why, to me, the flexibility has to be built into these block grants. Right now, we have a static model of child care—Head Start kids, 4-year-olds; 5-year-olds, kindergarten. The world is moving. Infant and toddler is growing. The public school systems are taking in more and more kids using local dollars.

I think if you do not give the States and localities the flexibility that I take it both Republicans and Democrats are talking about, then we stand the risk of locking in providers when parents and the market are changing.

Senator COATS. Senator Dodd?

Senator DODD. Thank you, Mr. Chairman. I will not take a great deal of time.

First of all, I thank all three of you for being here today, and let me just say that when Senator Hatch and I crafted the Child Care and Development Block Grant program, we had as a central ingredient of it, of course, to maximize flexibility, to allow the certificates to be used in a variety of different settings so that people could have maximum choice. We also insisted in the legislation that the overwhelming amount of the resources be dedicated so that people would have the certificates or the vouchers to use, rather than allowing the costs to be absorbed, as we have seen happen in too many cases, in administrative costs and so forth.

And again, I do not think there is going to be a great deal of debate in trying to find ways in which we can maximize the dollars, that are going to be hard to achieve, given the climate and the determination to reduce Federal spending.

If I could, Dr. Besharov, before you leave, you made the point to the chairman earlier, using the number of 90 programs. I understand you had a panel of experts that examined this issue of the number of programs and agencies and departments of the Federal Government involved in child care. And in fact wasn't it the conclusion of your panel of experts that you are really in fact talking about five or six programs, rather than 90? Wasn't that your own panel's conclusion?

Mr. BESHAROV. I think that glosses over the issues involved there.

Senator DODD. But wasn't that the conclusion of the panel?

Mr. BESHAROV. Not in those terms, no, sir. The figure, first of all, of 90 is the General Accounting Office figure.

Senator DODD. I know that. But your panel of experts that you put together, when they looked at this, they came back and said what you are really talking about——

Mr. BESHAROV. No. What they said was that what you really have to worry about. Now, there are seven or eight programs that account for 80 to 90 percent of the dollars.

Senator DODD. All right. That is what we are getting at here. So my point is——

Mr. BESHAROV. But there is a very important difference there, sir, because I was the director of the National Center on Child Abuse, and hard as it is to believe, the National Center on Child Abuse has a child care program—they are called respite centers.

Senator DODD. Do not misunderstand me here. What I am getting at here is that I think we create a false premise when we let out the information that there are 90 programs run by numerous agencies in the Federal Government. The first reaction is that there ought to be enough savings right there just to do everything else we want to do.

I understand the value of that comment, but I do not think we help the issue of achieving consolidation and bringing resources to bear intelligently when we create the illusion that in fact 90 programs are somehow consuming all of this money, when in fact it comes down to about five or six or seven where the bulk of it is.

I think if we focus on that, we have got a good case to make about consolidation and how it can work. I just think we create a problem for ourselves when we get into a debate that creates the illusion that savings in 90 programs is going to save the day. That is my point.

Mr. BESHAROV. Well, I think the reason that I am hesitant to agree with you, sir, is because you are talking about what I take it is a bigger political issue about image and illusion and so forth.

What I am worried about is that those other 80 programs, or many of them, also consume the intellectual resources of the child care system. They may not cost a great deal of money, but they take time to manage. These things have to be managed. There are people who could be spending time, worrying about the future of Head Start, who are pushing out paper on respite nurseries.

So that in terms of the intellectual capital of the Federal Government, let alone at the local level——

Senator DODD. All right. That is another issue. We could probably have a hearing just on intellectual capital—and I am not sure it would be a lengthy hearing on that, either. [Laughter.] What did George Will say at one time? It is like arguing about what the tallest building in Topeka is, I suppose.

Senator COATS. The question is would any members show up for that hearing.

Senator DODD. That is right. [Laughter.] Well, you understand the point that I am trying to make. And since you mentioned it,

child abuse is a legitimate issue in the area of child care, as well as spousal abuse.

Anyway, I just think that we have an important issue here to grapple with. It seems to me that before we begin, if we can really build some bipartisanship, as we did with the initial effort in this legislation it is important to begin with some common points of understanding and a determination to move in a direction to allow the maximum amount of flexibility.

I am pleased to hear what you say on the minimum standards that we have applied here. And I think we have heard testimony today that along with the study by the four universities, and word from others who work in the field, suggest that where we have had people who have been placed through the voucher system under our bill, that in fact the quality of care in those places seems to be doing better, though this is not empirical evidence. I think that this is important information to look at as we go forward and try to determine whether we want to maintain those kinds of quality standards that we have insisted upon in the past.

Some States are doing a better job in the area of quality, such as the child to adult ratios and so on that are involved. And I would hope there would be no real debate about the quality issue. I think your point is well-taken. That is not a fight that I think it makes any sense to get involved in, because I do not think there is a constituency.

And on your point, Dr. Tobin, look, we have car inspections, and I would say that sometimes animals get better regulatory treatment, in a sense, than what we provide in our child care facilities in terms of watching out for America's children. So I appreciate your point about the number of visits. But the fact of the matter is that we are talking about children here, and some of these settings can be pretty outrageous in terms of what happens and the damage that can be done to these kids. So I do not think we want to minimize the importance of making sure that a person's child is going to get the maximum kind of protection we can provide in those settings.

Mr. TOBIN. Senator, could I comment on that briefly?

Senator DODD. Yes.

Mr. TOBIN. Please do not fall prey to the headline writers of America who, by reason of either shortage of space or deliberate intent, somehow, whenever there is a study on health and safety, put the big rubric of "Child Care is Dangerous for America."

I have not really had a chance to go into this study that appeared with such widespread and fantastic preparation—I mean, video on the CBS news on the very day it was coming out—but let me tell you that if only one child in seven in the United States is right now being harmed by being in an unsanitary center, then the parents are crazy. I mean, it just cannot be as bad as they say.

So what we see it——

Senator DODD. Parents are not crazy. Parents are not crazy.

Mr. TOBIN. No—in the sense of inability to somehow change the system.

Senator DODD. You would be amazed. These centers are not set up and designed to discourage you from leaving your child there, but to encourage you to leave your child there. And people do not

have the kind of knowledge base to evaluate, particularly a lot of the people we are talking about here, who are on the margin or below.

You and I are apt to be tough. You bring your car in to get fixed, and I will bet you ask that mechanic exactly what he is going to do; you look at the bill when it gets done; did he do what he said he was going to do. You do that, and I do that, too. But we are dealing here about other people who may be intimidated by a process, who do not know how to ask the questions, and are afraid to ask the questions.

Someone there says, "What do you mean by asking me that question? You are on a waiting list. You know, we do not want you to come here necessarily." All of a sudden, you may lose your job, and where do you place your kid—that can be a pretty frightening prospect. So you leave your child there, and then you find out 6 months later, when it is too late, that something dreadful has happened there. That is my concern in this thing. To leave it entirely up to parents to make the evaluation I think is terribly naive.

Mr. TOBIN. I believe that we need two things. I certainly agree with you—better consumer education. We really have not done the job that we should have, nor have the States. I went to California 2 years ago and found that California had not spent a cent of its block grant money, although they claimed they had in documents, on consumer education, on making people aware of what were the quality things to look for.

The other thing that I would like to point out is that licensing is very important, and 70 percent of family day care is not licensed. It is difficult to do. But most of the reported incidents that have occurred over the years, and the ones highlighted in this room by your subcommittee in 1989, when you had a panel of people who had lost children, or children who had been harmed—they all came from unlicensed family day care.

I do not want to stand up too strongly for center-based care in America, but I would just ask you, when you read the headlines, and they say, "Child Care Harmful to Children," look at the text, and usually it is buried in the latter part of the article, where somehow there is a greater thing—it might be foster care, which is not really regulated.

Senator DODD. Well, let me tell you, Dr. Tobin, you are going to have no argument with anyone on this side of the table about headline writers in newspapers. [Laughter.]

Senator COATS. I am conscious of Mr. Besharov's critical time problem. Your students probably are not as concerned as you are about whether you get back on time.

Mr. BESHAROV. Why am I afraid you are right?

Senator COATS. But let me just thank the panel. Mr. Besharov, you seem to want to comment on that last point, and we will let that be the last statement.

Mr. BESHAROV. I just wanted to advise the committee that this quality study that everyone is talking about was released without very much peer review. The peer review I have heard so far may give us a different picture of the accuracy of the findings. There are some technical reasons to think that the study was formed in the wrong way.

This is not to say there are not quality problems in this country, but the study pushes those quality problems to a level much higher than I think any of us would find realistic, given not just our own personal experiences, but also the scientific methods of the study. And I can talk to staff about it some other time, but basically, what it comes down to is they found a normal distribution, a bell-shaped curve—a famous thing—in quality, and that would not be consistent with the argument that there is so much poor quality. The curve ought to have been a different shape, most of the scientists I have conferred with have said.

So I want to wait a few months. I want to see other people in print on this study. Maybe Susan has something to add.

Ms. MUENCHOW. Well, I think the point here is not just the study, but I visit a lot of child care centers and family child care homes, and I can tell you that the range of quality is very wide. And when you see a good child care arrangement, your heart feels good; you see children with happy faces, and you see them getting attention from people who are about them, and you see families that are able to work who would not otherwise be able to, and you feel really good.

And when you go into a bad child care arrangement, you feel horrible when you come out. And that happens. I have been into child care centers where there are 100 children taking a nap in a basement, and they do not have clean linens, nobody really checks on the children.

I have been into centers that were really very dangerous, where children were not getting attention. So everything we can do to make the quality of care better for those children and for our own children is extremely important.

I think there is absolutely no doubt that there is a very large range of quality.

Senator DODD. Mr. Chairman, could I just point out—I meant to mention this—that Senator Kassebaum has indicated, and I support her, that Head Start is off the table in terms of trying to consolidate. I think she is right on that, I will tell you. I know there is some talk about wrapping Head Start into a block grant, and I think that would be a tremendous mistake.

Mr. BESHAROV. Could I comment on that?

Senator COATS. Yes.

Mr. BESHAROV. I am one of the people who talks that way.

Senator DODD. That is why I mentioned it.

Mr. BESHAROV. Well, I did not know whether you wanted a response.

Senator DODD. Your students have hired me to keep you here. [Laughter.]

Mr. BESHAROV. If we are going to have a comprehensive system where State funds flow, in various communities we are going to want systems where children do not go from one kind of program to another when they turn 3, to another when they turn 4, and another when they turn 5. Age continuity is very important.

When we have a system of child care that is based on parents' work versus parents' job training and so forth, we again have eligibility differences.

Those kinds of things have given rise to various funding streams that I hope you all fix. If you do fix the funding streams, left out in the cold—and you may do it, and I understand the politics of it—but left out in the cold will be the Nation's Head Start centers, which are today largely—it depends on the State—but largely considered outside the mainstream of child care. They do not sit at the table at the State level when those Federal funds are divided. These collaboration grants and so forth are an artificial attempt to integrate Head Start into local and State child care thinking.

Now, it may be that Congress ignores this issue. I think there is a way to think about Head Start that supports it, that encourages the values underlying the program, and that saves it from irrelevancy 5 years from today. But I understand why you all may not do that, and I do not criticize politicians who do not address issues. But it would be a shame if we do not look at the future of Head Start within the context of this new child care world and provide some accommodations at the least. And if we do not do that, I am willing to bet that 5 years from now, we will be worried about where Head Start fits in this new world.

So maybe it is off the table, but it should not be out of our thinking. It is truly affected by this "new world order," and we owe it to the program and to those kids to try to integrate it into the larger whole.

Senator DODD. Thank you.

Senator COATS. Thank you. We will leave the record open for any additional questions that might be submitted to the panelists and their replies.

I might mention that Senator Kassebaum has scheduled two follow-up hearings on this subject. One is scheduled for February 28th on "The Impact of Welfare on Children and Families," and the second one is set for March 1st, on "Impact of Welfare Reform on Child Care." We are going to conduct both of those hearings at the full committee level.

We certainly think this is a great start in helping us put together our thinking on where we go with this very, very critical subject. With that, this hearing is adjourned.

[Whereupon, at 12:57 p.m., the subcommittee was adjourned.]

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